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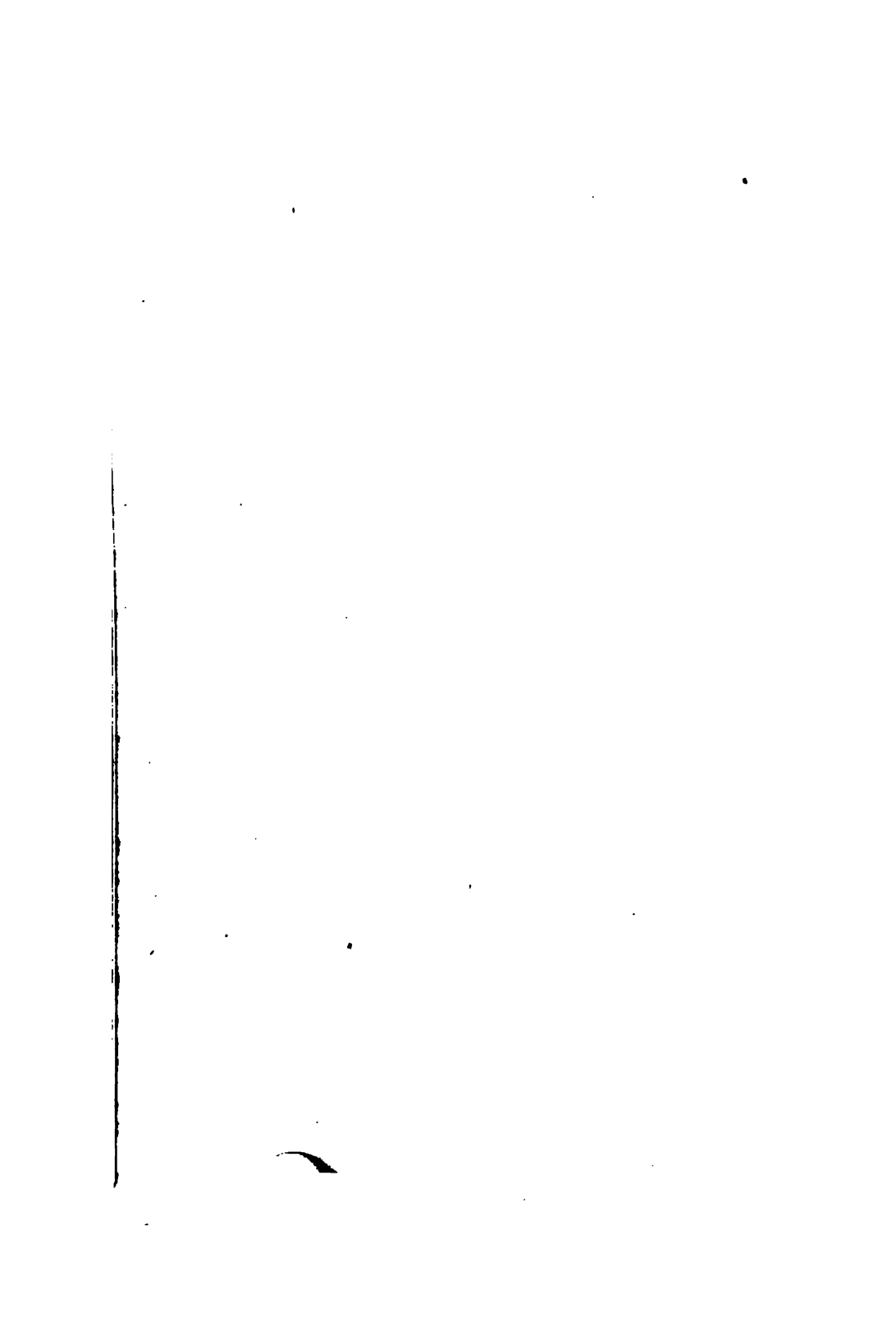
A LAYMAN'S CONTRIBUTION
TO THE
KNOWLEDGE AND PRACTICE
OF
RELIGION IN COMMON LIFE;
BEING THE SUBSTANCE OF A COURSE OF
CONVERSATIONAL LESSONS
INTRODUCTORY TO THE STUDY OF
MORAL PHILOSOPHY.

BY
WILLIAM ELLIS.

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P R E F A C E.

IN this country, as in most other countries, there are numerous individuals who have been born to high social positions. We have an hereditary monarchy and an hereditary aristocracy, around which are clustered all those who, through the operation of our law of primogeniture, and of habits and customs of long standing in regard to the disposition of property, constitute the "upper ten thousand."

The children of parents so circumstanced may almost be said to have a preference prepared for them, supposing that, with anything approaching to equality of merit, they enter into competition with others for posts of legislators, administrators, or magistrates. Rank, and, in some cases, honour and influence, await them independently of any effort of their own.

The lessons, of which I have endeavoured to give the substance in the following pages, were addressed to children belonging to these classes. There is much to endanger the success of the best directed efforts for the education of such children. The necessity imposed upon parents in other classes of earning their livelihood,

the impression made upon their children from witnessing their daily management and exertions, and the consciousness easily awakened in them that they must prepare to follow in their parents' steps, form the larger and better part of their education. From these improving influences the children of the "upper ten thousand" are mostly excluded. As a set-off against this disadvantage, they do not suffer under a deprivation which too often impedes the progress of the children of poorer persons—viz., a want of means to provide them with well-trained teachers and all the appliances requisite to place them on a level with the advanced civilization of their age and country.

It would be inexcusable if the parents and guardians of children thus exceptionally placed did not so employ the advantages, as to compensate for the disadvantages of their position. Surely there can be no doubt that their education should be conducted in such a way as to cultivate in them a higher purpose than that of luxurious enjoyment, even although accompanied by refinement. May it not be safely affirmed that they should be trained, if possible, to fix their expectations of happiness on their acquired capacity of doing service to others, as a duty incumbent on those who enjoy the necessities and comforts of life without effort to earn them? and will not the successful accomplishment of such training secure to them the esteem of the other members of the community, and make their elevated rank only a surer guarantee of the benefits which they are disposed and fitted to confer upon society, in acknowledgment of the immunities and distinctions inherited by themselves?

The little experience as a teacher to which I can lay claim has been principally among the children of the poorer classes. Pity for their sufferings, and for the apparently hopeless condition of many of them, is common to most who are themselves raised above want. The causes of these sufferings, and how far they may be brought under control, is a subject that had long occupied my thoughts. At last I came to the conclusion that the larger part of these sufferings might be traced to ignorance and bad habits; and that ignorance and bad habits could only be prevented or diminished by better teaching and training than hitherto attempted. Hence arose the wish to discover wherein education, as existing around us, more particularly failed of its great purpose—the prevention or diminution of human misery. Having observed in all our schools what I could not but consider a fatal omission, and seeing that teachers in general and the trainers of teachers were not sensible of this omission, and could not therefore be expected to supply it, I set about the work myself, not concealing from myself how ill qualified I was in many respects, but thinking it better that the work should be done indifferently than not at all.

Ten years have elapsed since I made my first attempt as a voluntary teacher, which I feel it would have been presumption in me to make had any practised teacher presented himself with my notions upon education in his head. I may now desist from my self-appointed office and resign the work to abler men; for, happily, many teachers have qualified, and many more are qualifying themselves, to practise their art as a means of preventing

destitution, and there is reason to hope that ere long our training schools may consider it part of their duty to send forth teachers specially taught and trained to be capable of instructing the young how to save themselves from all that suffering which is avoidable by human forethought and agency.

If the kind of instruction which I have been striving to impart be good for the children of the poorer classes, it must also be good for those children who are expected in due time to become the rulers, the legislators, and the guides of the world. Not to dwell upon the greatness of the benefits secured to all classes of society when their rulers and legislators know how best to promote human happiness, and take pride and pleasure in acting conscientiously and energetically upon their knowledge, it can scarcely be doubted that the teaching and training of those who may be destined to be the rulers of their kind so as to qualify them to perform successfully the duties devolved upon them, will also be the best means of promoting their happiness. It is not in man's nature to enjoy peace of mind when labouring under a sense that he is disappointing the just expectations of others. The ruler or statesman unfitted, through neglected or mistaken education, to protect and promote the well-being of that community over which he is summoned to preside, must ever be one of the most pitiable of objects.

It is open to everybody who has the curiosity to judge for himself of the effect upon the children of the poorer classes, even within the school, of introducing the kind of instruction to which I am inviting attention.

are many large schools within the metropolitan districts which may be visited. Allowance will, of course, be required for the incomplete manner in which first attempts are sure to be executed. While it will be found that much good has been accomplished, the greater good that may be expected with increase of aptitude in the teachers, will be seen in the distance.

I need hardly say how confident I feel that similar instruction would produce equally favourable results in the schools for children of the wealthier classes. My experience, as regards these classes, is unfortunately limited to private tuition; and I know only of one school—University College School—in which this kind of instruction has been attempted. The following passage is extracted from the last report of the Council of that College:—

“ The Council had been apprised by the head master of a novelty in the course of instruction given in the school, by the formation of a class in the elementary doctrines of Political Economy, or of Industrial and Social Science, conducted by Mr. Shields. The committee paid special attention to this subject, and report that Mr. Shields explains to his class the elementary doctrines of Political Economy in the widest sense of the word, as it bears not only on the production and distribution of wealth, but also on the conditions of industrial success and social happiness, and on the practical duties of each individual towards others; that the class is conducted without long and continuous expositions, in a conversational manner, so as to excite the interest and mental activity of the pupils, and to

impress on them the general principles of economical science, not as simple generalities, but illustrated copiously by familiar fact and usage; that it appears likely to impart a powerful stimulus to the intellect of pupils, and to form in them a habit of applying sound and rational theory to the practical economy of society, and to prove a valuable addition to the course of instruction in the school."

The title which I have adopted for this little book was suggested by that of the well-known sermon of the Rev. John Caird. It was some time after the commencement of my course of lessons, and while I was engaged in reducing them into the form in which they now appear, that a printed copy of his sermon came into my hands. I was much struck with the coincidence of our views in many respects. With what fervour does he enforce the principle which he considers ought to actuate every human being, and to pervade the whole of his working life! At the opening of his discourse he dwells upon the difficulty experienced by all in acting steadily up to the principles of religion in their daily business: "To be religious in the world—to be pious, and holy, and earnest-minded in the counting-room, the manufactory, the market-place, the field, the farm—to carry out our good and solemn thoughts and feelings into the throng and thoroughfare of daily life,—this is the great difficulty of our Christian calling. . . . So great, so all but insuperable, has this difficulty ever appeared to men, that it is but few who set themselves honestly and resolutely to the effort to overcome it. The great majority, by various shifts or expedients,

evade the hard task of being good and holy, at once in the church and in the world."

Later on he observes: "In the material world there are no conflicting laws; and no more, we may rest assured, are there established, in the moral world, any two laws, one or other of which must needs be disobeyed." And, afterwards, considering religion in the light of an art, he defines it to be "the art of being, and of doing, good."

I have heard it observed, that Mr. Caird fails to tell his congregation what this art is—what the duties of common life really are. But, in justice to Mr. Caird, it appears to me that his sermon should be received, not as an attempted or intended exposition of the duties of common life, but rather as an exhortation to the proper performance of those duties, whatever they may be, and a solemn warning that no attention, however regular, to rites and ceremonies, can be taken as a substitute for good works. The exposition of what he considers to be the several duties of life might naturally be supposed to form the subject matter of subsequent discourses. The duties of common life, the performance of which is so justly stated by him to be the "art" of religion, constitute what he appropriately calls its "science." What are these duties? What is this science? I shall be curious to learn how far the expositions which I have attempted, in part-answer to these questions, will meet with his concurrence.

Mr. Caird is evidently not one of those who look upon the pulpit as a place for rhetorical display, or upon a sermon as a medium for enunciating doctrines inappli-

cable to common life. His disappointment would be extreme if compelled to admit that his congregation dispersed at the close of his discourses, carrying with them no seeds of improvement likely to grow and flourish in "common life." He warns his hearers against enlisting among those who conduct themselves as if they thought that "prayers, sermons, holy reading, are for Sundays; but the week-days are for the sober business, the real practical affairs of life. Enough if we give the Sunday to our religious duties; we cannot be always praying and reading the Bible. Well enough for clergymen and good persons who have nothing else to do, to attend to religion through the week; but for us, we have other and more practical matters to mind." The result with such people, according to his description, is, that "Religion is made altogether a Sunday thing—a robe too fine for common wear, but taken out solemnly on state occasions, and solemnly put past when the state occasion is over."

I can well imagine the delight with which Mr. Caird would have welcomed some of the younger and less informed of his congregation knocking at his door the day after the delivery of his impressive exhortation, and appealing to him in some such terms as these:—"Have pity on our ignorance! We are intensely desirous of following out in a religious spirit your beautiful precepts. We wish to perform all our duties faithfully. But, at times, we are sorely perplexed to decide aright what our duties are. Some tell us one thing, some another; and we cannot do the two together, for they are contradictory and irreconcilable. To adopt the

words of your text, we would be 'not slothful in business; fervent in spirit, serving the Lord.'

"Our wages are miserably low, and there is a deep feeling of dissatisfaction prevailing among us at the conduct of our masters. We are unable to maintain our families in decency. Ought not our wages to be raised? We are, besides, worn down with toil. Ought we to accept or to decline the urgent invitations of our fellow-workmen to combine with them in order to regulate the rates of wages and hours of work? or to what lengths ought we to go with them in the measures which they may resolve upon? Ought we not to press for higher wages when prices rise? When our masters express their inability to comply with our demands, or even to find employment for all of us, ought we to urge them to relinquish the use of the machinery with which they are superseding human labour? Ought we to resist their efforts to introduce cheaper labour from other parts of the country? Or if labourers from districts where wages are lower migrate of their own accord into our neighbourhood, ought we to unite to drive and keep them off? As we make our first little savings, ought we to lend them, and to whom, and for what consideration? Ought people to borrow or incur debts? Ought workmen to borrow on any occasion, and to what extent? Ought they to take credit? Ought a comparatively small portion of society to possess all the land and houses of the country, and compel the remainder to pay rent? Has not every human being a natural and indefeasible right to his fair share of the earth on which he is born? If in the

almost hopeless struggle before us we contrive to get on, and to take rank among capitalists, shall we 'be and do good' if we buy in the cheapest and sell in the dearest market, borrow at the lowest and lend at the highest rate of interest? What can we do to obtain interest, and at the same time avoid becoming usurers? May we strive to become rich, and yet hope to continue religious? Shall we be justified if we associate with other capitalists, and thus undersell, over-bid, and supersede small and unassociated capitalists? Ought we to withhold or consider ourselves bound to divulge information exclusively our own, before attempting to contract for the purchase or sale of merchandise, or for the borrowing or lending of capital? What can we answer to the workmen who contend that no man ought to acquire a property in the labour of others; that the time is come when labourers should cease to be the victims of a merciless competition; that all work should be conducted for the benefit of those co-operating in it; and that profits should not be monopolized by the capitalists? The duties of daily life involve decision and action on these and similar questions. How am I to answer them as a sincerely religious man, and how to act on them that my religion and practice may be in harmony?"

It is unnecessary to set forth any further questions growing out of these, or varying in form and expression according to the bent of people's minds, or as instigated by the particular prejudices or inexperience of the inquirer. How Mr. Caird would answer such inquirers, if they were to address themselves to him,

I cannot say, but the tone of his sermon warrants my affirming that he would not turn a deaf ear to them, and that he would feel regret if unable to solve religious difficulties of this practical kind when submitted to him. He would, doubtless, be better pleased if able to send away his moral patients competent to clear up all their doubts and difficulties for themselves.

After having told his congregation that "the true idea of the Christian life is a life not of periodic observances, or of occasional fervours, or even of splendid acts of heroism and self-devotion, but of quiet, constant, unobtrusive earnestness, amidst the common-place work of the world," and having enjoined them to "rise superior to all equivocal practices and advantages in trade, and to shrink from every approach to meanness or dishonesty," he could not be free from self-reproach, or acquit himself of "meanness or dishonesty" in his own calling, if he did not at least acknowledge his obligation to grapple with difficulties like these when proposed to him.

One of my objects in giving the course of lessons in which this little book originated was to assist in qualifying the probable future teachers, legislators, and rulers of mankind for the performance of the responsible duties awaiting them. And I am not without hope that Mr. Caird and others similarly engaged will more than excuse, will welcome with cordiality this effort of a layman to co-operate with them in their mission of inculcating the knowledge and practice of religion in common life.

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RELIGION IN COMMON LIFE.

CHAPTER I.

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I HAVE been invited here, as you know, to give you a course of lessons. Somebody, older and better informed than you can possibly be at your age, has thought that instruction from me may be of use to you. I am judged to be competent for what I am about to undertake, and I shall do my utmost to prove that I am not altogether undeserving of the opinion that has been formed of my competency. But what I am most anxious about is, to be able to interest you; for then I shall be sure of your attention, and each lesson will make you look forward with pleasure to the day on which I am next to come again among you.

You are expecting, perhaps, that I should begin by producing some book, out of which our lessons are to be read and learned; but I have no book. You may be curious to know the name of the science which I profess to teach. It has a name, indeed many names; but to you, at present, these would be names, and nothing more. You have received, and are receiving, instruction in geography, history, grammar, arithmetic, geometry, and in other still more important subjects—religion, the highest of all, included. You know the meaning of all these names, because you know a great deal about the matters included in the branches of knowledge to which these names have been given; and it will be time enough to think of a name for the subject or subjects of our intended lessons when we have learned something of the subjects themselves.

Upon this you may rely, that the lessons which I am about to add to the others already familiar to you are meant to assist in making your future paths through life pleasant and honourable while you walk them, and delightful to look back upon as you gradually approach your journey's end. The knowledge to which I would introduce you forms a part—a small, though an important part—of what collectively ought to be a guide-book to assist you in performing the duties that await you, and in enjoying existence while performing them. If so grand and important an undertaking as a journey through life, with all its duties and responsibilities, might be compared to anything so trivial, I would say, in order to make my object in coming here perfectly familiar to you—Fancy yourselves about to enter upon a long

journey in a strange country, in which there are objects of every description to please the eye and gratify the taste, interspersed among dense forests, wild moors, impassable morasses, and frightful precipices. Your education is meant to point out to you all the pleasures of the journey, and the best means of participating in them; all the signs of danger, and the way to distinguish the import of the signs, so as to avoid the danger.

Your education, in reality, is meant to supply you beforehand with a large portion of the knowledge requisite for fitting you to act your part in life, whatever that may be; with a clear judgment in using what you have, and in discerning what more you need, and how to get it; and with habits and dispositions that will make every exertion as it is called for, a source of pleasure in itself—one more element to be added, not to the sorrows, but to the enjoyments that await you. The fault will be in me, not in my subject, if I cannot succeed in so placing it before you as to enable you to see how well it deserves to occupy a leaf in your life road-book; or, to use a nautical expression, to form a part of the sailing instructions to direct you among the quick-sands and sunken rocks of life, so that at the end of a prosperous voyage, your destined port may be arrived at.

Although I have no new book to present to you, and we have not even any books on the table to refer to, we shall draw largely upon the books which we have read, and shall be induced to consult other books for the information in which, from time to time, we may all find ourselves deficient; but we shall principally employ

our time in bringing together and arranging what knowledge we have, and what, bit by bit, we shall add to our stock, so as to be able to reduce it into a working shape. Our wish will be more to form our judgments, by turning to account the knowledge already in our possession, than to add to our knowledge, although you will have the gratification of finding your knowledge greatly increased by the mere effort to systematize it.

I must here give you a caution. We are going to inquire—to investigate—to build up—to reduce what knowledge we are conscious of possessing, and what more we can acquire, into a readily usable form. We must have nothing false, or fictitious, or spurious, passed off upon us, under the appearance of knowledge. We must examine scrupulously whatever presents itself to us under the name of knowledge, so that we may effectually shut out all counterfeits, however dexterously they may have been contrived, and however specious their disguise.

Adopting this caution, and wishing to act upon it, you may ask, and very properly, what this much-boasted knowledge is, why we should be so particular in examining what is presented to us in its name, and why we should be anxious to add to the stock already in our possession? Well—why should we? You say, to become wiser and better. You *feel* that you are happier and better for the knowledge that you have. You *feel* grateful to those who have helped you to it; and you *feel* a reliance upon the goodness and wisdom of those who are helping you to the possession of more. You would not *like* to be deprived of any of your

present small stock, nor *feel* much respect for those who would obstruct you in your efforts to learn, or seduce you from the labour and application without which any large amount of knowledge is unattainable. I will not dispute the reasonableness of these feelings. They are the inevitable results of your teaching and training up to this time—of your own experience and reflections. Moreover, I believe them to be based on fact and truth.

But we must not forget that *feelings* may be founded on false appearances, as well as on realities, and cannot, therefore, be received as infallible tests of the soundness of opinions. I agree with you that we are the happier and better for our knowledge, and for having our knowledge so well arranged as to be ready for use—as to furnish us with that most valuable of all qualifications, *judgment* in action. Nevertheless, the advantage of knowledge has been denied, and the effort to increase and diffuse it has been decried. One of our most esteemed poets has said:—"Where ignorance is bliss, 'tis folly to be wise." Many have taken up and repeated this sentiment; and they would probably tell us that they do not feel either the happier or the better for their knowledge. We may suspect their sincerity, and perceive their inconsistencies and manifold contradictions. It may, however, still be of use to us to institute a methodical investigation, as a means of establishing beyond all dispute, who are right and who are wrong; and this will assist in preparing us for the course which we have before us.

In what respects are we the happier for the knowledge which we possess? Who will adduce some instances of

increase of happiness brought about by increase of knowledge? Our knowledge of the composition of the air, and of the action of our lungs, has led to the better ventilation of our dwellings and hospitals, and hence to a generally improved state of health, and a smaller proportion of deaths among patients under treatment for wounds and disease. Our knowledge of the fertilizing elements in the soil; of the habits, and constitutions, and capabilities of different kinds of cattle, and of different breeds of the same kind; of the nutritive qualities of different grains and vegetables, and of the means of preserving them, so that they may be stored for future use, has enabled us almost to banish famine from our part of the earth. Our knowledge how to separate the various metals from the earths and other metals with which at one time they seemed to be indissolubly united, has supplied us with tools and instruments without which we could hardly have attained some of our other knowledge, or turned any of it to the account of which it has been shown to be susceptible. Our knowledge how to record and recall all our acquired knowledge by marks and symbols, brought to its present perfection in language—spoken, written, and printed—has enabled us to hand down the results of our experience from generation to generation, and to communicate them to one another in places the most distant as well as in our family circles.

You might add example upon example to these; but we have more than enough before us, I think, to satisfy any reasonable person that man is the happier and better for the knowledge which he possesses, and to induce us

to persevere in acquiring what is possessed by others, in searching for more, and in so arranging what we have as to make it readily available. Let us, however, examine this matter from another point of view. Are the inhabitants of different countries, as far as you are able to judge, equally in the enjoyment of happiness—equally secure from want and suffering? No? You think that the English enjoy more happiness than the Kaffirs, or the natives of Australia and New Zealand? In what respects? They suffer less from violence and robbery. They are better supplied with the necessities and comforts of life. They are more kind and attentive to one another. They are less harassed by superstitious terrors. They are better cared for, especially the young and the old, both in health and sickness.

What shall we say to the state of the people of England now, compared with what it was 50, or 500, or 1,000 years ago? You think the present state the happier? Were not our forefathers a more hardy race, and, inured as they were to field-sports, athletic games, and the hazards and dangers of war, did they not enjoy a kind of happiness of which we have lost the relish? You are not to be misled by that question. The modern Englishman may have lost his relish for bull-baiting, bear-hunting, and prize-fighting; the excitement of highway robberies, street-broils, and duels may have vanished from among us; but trials of strength and self-devotion of a far more humanizing tendency, and directed to nobler purposes, have been substituted in their place. Our forefathers have left on record no more heroic achievements than we furnish examples of

in abundance every year, in our fire-brigades, our police, and our boatmen. The gallant officers and men in the "Birkenhead" steamer, wrecked near the Cape of Good Hope, showed how death could be calmly awaited while the means of escape were left at the disposal of women and children. The conduct of our army, and that of our Allies, in the Crimea, has never been surpassed by any army, of any time, ancient or modern, either as regards heroic daring, unconquerable resistance of assault, or patient endurance of fatigue, privation, and sickness, backed, besides, in many by the intelligent consciousness that they were engaged in a righteous cause—protecting the conquests of civilization against the inroads of ruffianism.

You think, then, we sustain all that was good among our forefathers, and have gained much besides that they could have no idea of? We certainly endure and dare as well, taking more pains that our powers of endurance and daring shall be directed to wise and good purposes. We have raised ourselves above revolutions and civil wars, nearly suppressed highway robberies and duelling, discontinued the slave trade, emancipated our slaves, abandoned destruction of life, tortures, mutilations, and fines and imprisonment, in the pretended or mistaken cause of religion. And we contrive to supply ourselves better than formerly with food, clothing, fuel, and shelter, and all those luxuries and refinements which add so greatly to the charms of existence. You and others may hold these opinions upon the advantages which we derive from our increased knowledge, and fortify yourselves in them by examples and contrasts

drawn from the state of society at different epochs, without the slightest thought of detracting from the admirable qualities of our ancestors, or of boasting of modern merits. For while you maintain that a higher state of well-being is a consequence of increased knowledge, provided that knowledge be well used, you readily admit that increase of knowledge, unaccompanied by improved conduct, would, indeed, be a proof of degeneracy. Improved conduct, following upon increased knowledge, if a merit, is not one to be boasted of; whereas, increased knowledge, not followed by improved conduct, so far from being a mark of merit, would be a badge of disgrace.

Obvious as are the advantages of knowledge to all who have maturely thought upon the subject; universally acknowledged as are its attractions by all who have engaged in its pursuit, let us admit for the present that further proof may yet be needed to settle beyond dispute—whether we are wise to prize what we have got, and to be eager in the pursuit of more. There are people who persevere in representing themselves as unconvinced, and we must not leave room even for a lingering doubt upon such a subject—it is of far too great moment to all of us, and more particularly to the young. We will, therefore, revert to it once more a little later. Meanwhile, let us fix upon some one country out of the many into which the earth is distributed, and note down a few particulars of it and its inhabitants. Some questions will be suggested, calculated to excite our curiosity, and to convince us that


the course of study before us is not one to be trifled with or neglected.

Suppose we select our own country as the one with which we are best acquainted, and in which we take the deepest interest. What is its present, compared with its past state, and with its probable future state? What is the number of its inhabitants; larger or smaller than formerly? and what may reasonably be expected concerning the number at some future period? In what condition do they exist? Is it better or worse than formerly? Is it susceptible of improvement? And, if so, is this improvement likely to be realized; or may we more reasonably be expected to degenerate into a worse condition? These questions, I can see, interest you. You are curious to engage in solving them. At the same time, taken together in this way, they would puzzle you, as, indeed they might puzzle most people. Let us, then, take them separately, and examine them one at a time.

To couple these questions with recorded facts. The inhabitants of England in the time of William the Conqueror numbered less than two millions; a hundred years ago they numbered about nine millions; and now they number more than eighteen millions. Whence these variations in our numbers at these different epochs? Is there anything in England now to enable eighteen millions of people to exist which was not there formerly, and what is it? Can we suppose that a larger number will be living here at some future time? or that the inhabitants now living in England might be in the

enjoyment of a more comfortable state of existence; and how? Here are many questions, every one of which furnishes matter for controversy to people who fancy themselves in possession of much more experience than you will lay claim to. You hesitate to answer? You do not know? But you are curious to learn? You would, I am sure, rather be put in the way of learning for yourselves than that I should tell you. It would be easy enough for me to give you my thoughts, and I hope I should tell you what I believed to be true, and that you might trust me; but you could not feel so convinced of the correctness of what you heard from me, as you will of what you learn to observe, examine, and decide for yourselves.

You have read in some of your fable-books of the wonders that were worked by a magician's wand. Now let us suppose that one of these magicians had practised his art in the time of William the Conqueror, and had suddenly called into existence sixteen millions of human beings, who, when added to the two millions then in England, would have made up our present number—eighteen millions. Suppose the magician had done this, and nothing more, what would have followed? These eighteen millions would have lived quite as comfortably then, would they not, as they do now? They would not? How so? They would have been short of food, and clothes, and houses. Many would have perished from hunger and cold. And people being rather turbulent in those days, and little disposed to submit to privations for the general good, they would have assaulted and pillaged one another. You are



inclined to suspect that, after much suffering from famine, pestilence, and civil war, the number of the inhabitants would have been soon reduced to two millions, as before, or even to less. You would class such a magician among the evil genii, rather than among the beneficent fairies?

You are not quite sure that you ought to condemn the magician? You say that the new inhabitants suddenly added to the old, would lose no time in setting to work to supply themselves with food, and clothes, and dwellings, and other necessities. But however willing they might be to do their share of work, they could not wait for their daily food, nor subsist naked and shelterless while they were toiling to weave garments and build houses. The beings called into existence by the magician's wand were assumed to be without food, clothes, and dwellings, excepting what they could lay their hands upon of the stock of such things already in the possession of the previous smaller number of inhabitants. Our magician, however, might have been less malignant, or less reckless, and might have taken care so to use his wand as to provide the beings of his creation with food, and clothes, and houses, during the time required by them for obtaining the needful supplies by their own exertions. Had the magician acted after this fashion, would his wand have been an instrument of good, or of evil? Would it matter what kind of men were the creation of his wand? Whether they consumed and enjoyed what was sent with them, doing nothing wherewithal to provide for their future wants, or whether they were anxiously intent upon replacing

what they consumed as fast as they consumed it? Would it matter whether they were keenly alive to the necessity of providing for their future wants, and whether they had capacities adequate to the purpose? We may ponder upon these questions, we may be slow to answer them; but we can hardly fail to recognise their importance.

Dismissing the magician and his wand, let us profit by some of the teachings of our own individual consciousness. What do we know of ourselves? Do we prefer to enjoy or to suffer? to be comfortable or uncomfortable? and have we occasion to take heed what we do? You may well smile at such questions. You know what it is to be hungry—you feel a craving for food three or four times a day throughout the year. You are susceptible of changes of temperature, and find clothes to be a delightful means of preventing the air and other bodies from carrying away your vital heat. You find houses and furniture useful auxiliaries for the same purpose, and highly conducive in other respects to your health and comfort. You would find it intolerable, besides, to be shut out from a supply of fuel—not to mention other necessities, and also the luxuries which by long habit have passed, among civilized people, into the class of necessities.

Our own feelings having certified to us that a ready access to an abundant supply of food, clothing, fuel, and shelter is indispensable to our existence in a state of comfort, very little effort will enable us to extend to others the application of what we have learned in regard to ourselves. That an abundant supply of the

necessaries and comforts of life is indispensable to the happy existence of the inhabitants of every country would, indeed, appear to be one of those truths more difficult to hide than to discover. It is so obvious, that by many, the attempt to prove it and to fix it in people's minds might be considered a waste of time and labour. When, however, we consider that a supply of these necessaries and comforts, deserving the name of abundance, has never prevailed permanently in any country of the world, that the deficiency in the supply of these necessaries and comforts has been more observable in some countries and ages than in others, and that the attempts to relieve the suffering consequent upon such a deficiency of supply, and to avert similar deficiency in future, have frequently failed, from a misapprehension of, or inattention to, the causes in which it originated—it cannot be altogether a vain task to fix our own thoughts, as well as those of others, upon the fact that an abundance of the necessaries and comforts of life is indispensable to the well-being of society. We ought also to make it a most serious business to ascertain whether the possession and enjoyment of this abundance depend or not upon any conduct of our own; and if they do, upon what kind of conduct.

In my experience as a teacher, I have met, as you may suppose, with scholars greatly differing from one another. Some overflow with intelligence and aptitude in fixing upon the causes and consequences of what they see around them. Others require to be awakened to a sense of what to you would seem unmistakeable. Torpidity of understanding will induce them to put up

with the most absurd and contradictory explanations, and indispose them to make any effort to solve the difficulties which we may succeed in forcing upon their notice. They may not only be weak—they may already have been led astray in their weakness. We ought not to abandon these pitiable scholars, and deliver them over as victims to ignorance and superstition. We should try to adapt our teaching to the misinstructed as well as to the uninstructed state of those who are brought to us. Some of my introductory lessons to large classes of boys have taken this form and direction:—

“Let us inquire together—let us help one another to find out and sum up the various things which we require to enable us to live in comfort. Who will begin? No answer? Well, I will withdraw this question, and ask instead, who will tell us some of the things which none of us can do without?” These answers followed rapidly in succession from all parts of the class—air, water, food, clothes, houses, heat. We talked over all these, one at a time, and considered attentively whether they really were indispensable to existence. We also inquired into the various sources of heat—heat from the sun, heat from vital function, and heat from chemical action or combustion; and decided upon adding fuel to our list of indispensables. I then asked, “Have we a large stock at hand of all these things which we could not do without, and also the means of keeping up this stock?” “We have.” “Whence did it come?” “From God.” “You believe, of course, that everything comes from God. But do all the things that we see around us come from God in the same way? Has God given all these

necessaries and comforts for man's use, man having done nothing to get them? or has He given some independently of man's having done anything, and others only because man has chosen to do something? Has man had anything to do with the making of the earth on which he dwells, or to surround it with the atmosphere in which he breathes? with its rotation on its axis, or its course round the sun, or with the quantity of heat which emanates from the sun?" "No." "Has he had anything to do with the food, clothing, shelter, and fuel which we are daily enjoying?" "He has." "You see clearly that, among the gifts of God, some have been bestowed upon man unconditionally, and others have been bestowed because man has done his part towards obtaining them. Your fathers and your fathers' fathers have done their part to enable you, who as yet have done nothing, to enjoy these gifts of God; and you are now here to learn what it is that your forefathers have done, what your fathers are still doing, and what you must be doing by and by to obtain and enjoy those gifts of God which depend upon man's conduct, and to enjoy those other gifts which are replete with happiness or misery to man, according as he conducts himself."

Our inquiry, thus far pursued, seems to lead us to this point. There are certain things which we comprise under the expression, "necessaries and comforts of life," an abundance of which is indispensable to human well-being. Is this abundance a consequence of the fertility of the soil and of other powers of nature working in man's behalf independently of his conduct? or is it a consequence of these same powers at work in con-

junction with human conduct? and, if the latter, what kind of conduct in conjunction with the powers of nature will lead to such abundance? and what kind of conduct must cause abundance to be unattainable and impossible?

Before we enter upon the consideration of these questions, at the risk even of some repetition, I will ask you to examine, a little more at length, what is comprised under the word "conduct." It furnishes us with a name, in fact, for the subject that I am inviting you to study—our actions—the consequences that flow from them—the causes that lead to them. Where is the individual deserving to be classed among rational beings who has not meditated, and does not perpetually meditate upon this subject? who does not, whatever may be his convictions of duty, moral, social and religious, on some occasions, in some emergencies, say to himself—Ought I to do this? Ought I to do that? or, in one question—What ought to be my conduct? The thoughtful, conscientious man is anxious about his own conduct. Why is he anxious? Because he knows that certain lines of conduct are followed by certain consequences, and other lines of conduct by other consequences.

The consequences of conduct never present themselves to the thoughts of very young infants. They force themselves only by degrees upon the notice of children—so slowly that for many years the consequences of their conduct are, as much as possible, anticipated, provided for, and guarded against by those who watch over their welfare. Their guardians, how-

ever, knowing that, as they advance in years and strength and experience, they must assume the responsibility of their own conduct, endeavour, if they do not neglect their office, to qualify them for their new task. Let us glance at the earlier acts of childhood, and observe how completely they bear out the accuracy of these remarks. Children eat and drink, crawl, handle, examine, walk and run. They are not permitted at first to perform any of these acts except under control. Why not? Lest some evil consequences should ensue. Gradually, as they acquire the ability of avoiding excess, of understanding the action of fire, of water, of poison, of sharp instruments, and of other sources of danger, they are trusted with their own guidance. Long after this they continue to be supplied with food, clothing, fuel, shelter and protection through the care of their guardians, who knowing that ere long they must supply themselves with these essentials of a comfortable existence, take care to send them forth, if possible, prepared to do what is needful for the purpose.

“To send the young forth prepared.” We must not pass this expression without comment. Although it comprises much more than can be enumerated just now, we may note a part of what must be included under it. We could scarcely pronounce any young persons to be prepared for self-guidance who were not *informed* of the probable consequences of their acts, and who were not *inclined* to perform those acts the consequences of which they knew to be good, and to refrain from acts the consequences of which they knew to be bad.

As a further elucidation of the necessity imposed upon us of attending to our conduct, it will not be quite idle to put such questions as the following, obvious as the answers to them appear:—Must men do something in order to provide themselves with the means of comfortable existence? They must? Does it matter what they do? Yes? Would some acts lead to discomfort—to misery? An inquiry into conduct, then,—which kind of conduct ought to be aimed at and which avoided,—will, I hope, appear to you most interesting. Of course you will not expect to master this subject either quickly or completely. It may occupy your thoughts during life, and you will derive pleasure and improvement from it at every step. But you will master enough, both quickly and completely, to reward you for any amount of application that you can bring yourselves to bestow upon it. And I may mention for your encouragement, that the easiest and earliest part of your acquisitions will also be the most important. I expect, however, you will find so much to fascinate you in these inquiries, that the further you proceed, the more will you desire to persevere to the end.

The consequences of conduct, we must not forget, are only a part of our subject. Suppose, as we go along, we arrive at certain conclusions as to what conduct is good, what bad—which ought to be practised, which avoided; do we not find very great variety in men's conduct? Whence this variety? Can anything be done to induce men to act one way rather than another? If so, what will conduce to good conduct? What will avert ill conduct? This branch of inquiry, which we

shall find may proceed with advantage concurrently with the other, may be called the causes of conduct. The two together form the consequences and causes of conduct. In our inquiry we place the consequences first, because they teach us which is good and which is bad conduct. In practice we should deal with the causes first, since it would be small comfort to us to know what was good conduct, if we could not secure it.

There are some precautions to be observed, and some restrictions to be submitted to, while pursuing our inquiries into conduct. We would so direct them, that we may feel as we proceed that we are steadily advancing in knowledge, and attaining our object—rules for our guidance—rules that we may act upon with advantage—good practical rules for conduct. Without some self-imposed restrictions, our inquiries might extend over the whole field of knowledge. We should be lost in the very extent of our subject, and distracted by the multiplicity of the objects obtruded upon our attention. We must find some polar star to guide our course and check our deviations, and yet take care to omit nothing that ought to influence our judgment.

An inquiry into conduct in the widest acceptation of the term would embrace all the sciences, which, again, are but the systematic arrangement of the results of all experience and history. The special aim of the inquiry in which I hope to interest you is to form our judgments upon different characters of conduct—the good and bad—that which promotes and that which obstructs the well-being of society. You will be surprised, as well as delighted, to find how little you will have to do by way

of adding to what may be called the items of knowledge already in your possession—how much you will have to do in arranging those items, in order to form the kind of judgment that you will be proud to possess. You will be still more delighted and surprised to find the immensity of the acquisition which you will have made by merely subjecting the items of knowledge already in your possession to better discipline and arrangement.

You have, I know, paid some attention to chemistry. You are aware that there are substances to be found—some apparently useless, some noxious and poisonous, and some delightful and nutritious—which, when submitted to chemical analysis, have been found to consist of nearly the same elements under different conditions of combination. Your intercourse with the world will make you acquainted—it may partially have done so already—with various kinds of judgments, good for nothing, good for little, good for much. You will find, as our investigation proceeds, that these also differ less in the elements which enter into them, than in the order and conditions of combination among the elements.

You wish—all uncorrupted young people wish—to form good judgments—good judgment, as a first step towards good conduct. More knowledge will make you more learned. I cannot pretend to assist you to that. A better arrangement of your knowledge will improve your judgment. To that I do aspire to contribute. Self-discipline, founded upon your increasing knowledge and improving judgments, will be cared for, I am sure, by yourselves. All in combination will give you

wisdom, the grandest quality attainable by man; or goodness and judgment exemplified in conduct.

In every position of life, this wisdom, this highest attribute of humanity, is the best security that we can possess for happiness. In the exalted position which you are destined to fill, your happiness from this source will be enhanced by a consciousness of the powerful and benign influence of your example upon the tone and conduct of society at large.

CHAPTER II.

An uninterrupted abundance of the necessities and comforts of life attainable only by a certain kind of conduct—Moral and religious excellence—Men must work—The industrious man—The idle man—Industry a good quality or virtue, and why—Labour sometimes pleasant, sometimes painful, and why—Habits of industry—Can savages or vagabonds be induced to like labour?—Can children be induced to like labour?—Duty of adults towards the young—Self-training—Idleness a cause of destitution, and a consequence of child-neglect.

As in building a house, so in the inquiry before us, not the most striking part, nor the one which it most delights us to dwell in, but the one without which nought else could exist—not the superstructure but the foundation, even if that foundation is ever after to be hidden from our eyes—must first occupy our thoughts. Refinements, pleasing manners—nay, even virtues—must give way, if not in the order of importance, at least in that of time, to bread and meat, to clothes and lodging, although we shall find a much closer connection between them than might, at a first glance, be expected. Be that as it may, we will proceed to the question reserved in our first lesson. Is human conduct, or any particular kind of conduct, one of the means which cannot, as far as our experience tells us, be dispensed with, to enable us to enjoy an uninterrupted abundance of the necessities and comforts of life?

Some justification is wanted to reconcile you to a course of inquiry so apparently derogatory to the higher

virtues. Does it appear strange to you that abundance of physical comforts should be considered before the prevalence of moral conduct? That feeling is exactly what we expect and approve in young people who have been trained to venerate and practise good conduct, and who are only beginning to examine for themselves the grounds of the opinions which they hold, and of the actions which they perform. Very little persuasion will obtain for me your concurrence in the order of inquiry which I propose; and you will quickly perceive that it is quite in keeping with the profoundest reverence for all the rules and mandates of moral and religious excellence.

Poverty, which is but another expression for a want or deficient supply of physical comforts, is well known to be one great cause of ill conduct, because it exposes those who suffer from it to one great temptation, in addition to, and perhaps mightier than, all the others. Good men strive to preserve themselves from temptation. They ought also to assist in preserving others. If our inquiry should make us acquainted with the conduct by which abundance may be attained, or want of physical comfort diminished or averted, will it not at the same time teach us how temptation may be avoided, and vice and crime prevented? And if it should appear, as the investigation proceeds, that the conduct required as a means of securing an uninterrupted abundance of the necessities of life, harmonizes with moral and religious excellence, we shall be strengthened in our love and veneration for the instruction which we have received, with a view to communicate some of that

excellence to us, and be urged, if possible, to increased attention and attachment to our instructors.

The possibility of enjoying an uninterrupted abundance of the necessities and comforts of life independently of any particular kind of conduct, can be readily tested. Here we are in England eighteen millions of people. Let us start with the supposition that we have an abundance. Day by day we eat and drink, we wear our clothes, burn our fuel, and inhabit our houses; and if we do nothing more, what must happen? There can be no doubt about the answer. The food, clothing, and fuel would gradually disappear, and the houses fall to decay. Misery would overspread the land, only to terminate in famine and death. To avert such a calamity, the intervention of some kind of conduct on man's part is needed. What conduct? He must bake and cook, he must grind and weave, he must reap and thresh, he must plough and sow, he must build and repair, and do many other things besides. To express what he must do in one word, whether he perform one or more of the operations here mentioned,—he must work. You cannot help seeing that comfortable existence—it might almost be said existence at all—without work, is impossible. It may be stated as a great fact, that men must work if they would continue to live in comfort. By some it might be said, this fact is so little open to dispute, that it need scarcely be mentioned. We note it here, not for its originality, not because it can be questioned, but for its importance, and because, strange as it may appear, it is liable to be forgotten, although it will not be denied.

There are many such facts. As an example: the presence of air is required to support life and combustion. In the present age of the world few among us deny this fact. Too many neglect to apply their knowledge; some even seem to forget that they are in possession of it, both by omitting to ventilate their apartments, and by admitting, instead of excluding air, while striving to extinguish the flames which are threatening the destruction of life and property. While, therefore, we cannot deny that men must work, in order to maintain an abundance of the necessities and comforts of life; let us be careful never to forget this important though simple truth, when we may be summoned, on any great emergency, to decide what ought to be done to mitigate suffering, or to raise ourselves or any of our fellow-creatures out of a state of destitution or discontent.

The fact being established that men must work in order to obtain a future abundance of the necessities and comforts of life, it is also established that they must have worked in the past, in order to enjoy their present abundance.

You say that there are many men, including women and children under that term, who do not, and many more who cannot work; and yet they live—some of them, too, enjoying apparently a larger share of the necessities and comforts of life than many who do work. This is true; and it suggests matter for future inquiry. But we may ask at once,—would these people who live without working themselves be able to live if all work were suspended? No? Must we admit that all who live without work can continue to live so long only as

there are others who do work? The very young, and the very old, the ailing, the imbecile, and others, whose cases deserve separate notice, live, it is true, independently of their own work, but not independently of others' work.

The fact is not the less true of men collectively—that they must work to obtain an abundance of the necessities and comforts of life, although so large a portion of them do not work. But its claim upon our most serious attention is rendered thereby more urgent. The occupants of our nurseries, of our almshouses, and of our hospitals, must be worked for by others. Does this induce us to insist less or more upon the necessity of work by those who can work? You are not obliged just now to form a decided opinion upon the conduct of those who, not being infants, nor incapacitated by age or infirmity, do no work. Neither should you hastily conclude that all who, to your inexperienced eyes, seem to do no work, are really living by the work of other people. We have, however, proof enough before us to justify us in deciding that work cannot be dispensed with, if mankind is to continue in existence; that as many cannot work, their existence must depend upon those who can and will work; and that existence in a state of much comfort must require much and well applied work.

However new speculation on such a subject may be to you, it would be strange indeed if the subject had not long engaged the attention of those who have preceded us in the world. The results of work or labour in such a country as ours meet the eye at every

turn; and what would happen if that work were suspended cannot be absent from people's thoughts. The very persons who are averse to work themselves, and who seize every opportunity of evading it, cannot but approve of those who do work, since they desire to enjoy the fruits of work. They who work and they who do not work must wish to encourage work in others; the latter particularly, since they are entirely dependent upon the work of others. Men, exemplary by the quantity and quality of their work, are accordingly considered worthy of note by all other men; and, in conformity with the custom uniformly observed wherever interest is felt, a name has been given to them.

Men who are observed to work diligently and continuously are called "industrious;" and to men who neglect work, or evince a reluctance to work, we apply the epithet, "idle," "lazy," or "indolent;" and from these terms applied to the men, names also have been formed for the qualities which we assume them to possess. Industry is a quality of the industrious man, as idleness, laziness, or indolence is a quality of the idle man. We like also to classify the qualities which we observe and note. Among other classes we have the "good" and the "bad." These little words have great significance; and we shall often have to refer to them as we go along. We shall often have to ask ourselves under which we ought to class the different qualities that we shall be led to observe and note. We may begin at once to form our classification. Let us make two columns, one for the good, the other for the bad

qualities. In which shall we place "industry?" Among the good? Why so? Because industry conduces to the general well-being; whereas, an idle people—always understanding that a people universally idle is an impossibility—must be a miserable people.

You object that an industrious people might also be miserable? and that there are many industrious men who are very bad men, and who do a great deal of mischief? You contend that there are industrious thieves and burglars, as assiduous and enterprising in their bad works, both by day and night, as our farm-labourers and engine-drivers? This is true. But, in showing that men must work, we have said nothing to countenance the inference that therefore they ought to work at anything, or anyhow; and we only call those men good who, in their whole conduct, contribute to the well-being of mankind. As no society can thrive which is not principally made up of industrious men, so no man can thoroughly deserve the epithet "good" who is not industrious; although a man may be bad in other respects, in spite of his one good quality, industry.

It is worth our while to dwell for a moment on the character of the mistakes of which this false inference about industry may be taken as a sample. When we say that industry is a good quality, we mean that it is one of the qualities the prevalence of which among a people is essential to their well-being. It may prove to be one only of more than a hundred qualities to which we shall apply the epithet "good." The possession of the whole of these qualities in a high degree of perfection may be seen to constitute an eminently good

man. The prevalence of them to a large extent among a people may be seen to be indispensable to constitute them what we should call a thriving, a happy, a civilized people. We have begun by establishing, I think satisfactorily, that one of these hundred and more qualities is "industry;" and, surely, we need not be daunted in our course, nor be deterred from further inquiry, because we are told that the possession of one quality is not the same thing as the possession of one hundred. When we come to examine what other qualities ought to prevail among mankind, we shall perhaps find that, although industry *may* be the quality of a bad man, the slave to idleness is almost sure to be, if not a bad, at least a contemptible and useless man. Although industry *may* be so associated with other qualities in a people as to admit of their being low in rank among the nations of the earth, the opposite quality, idleness, *must* make them both low and miserable.

For these reasons we can scarcely hesitate to acquiesce in the general verdict of society, where we find industry enumerated among the virtues, and its opposite, idleness, among the vices. As, however, these are the first qualities to be inserted in our schedules, and we would fain avoid making a mistake at our very outset, we will yet question ourselves a little further. There are no countries with which we are acquainted, even the most happily circumstanced, that do not exhibit considerable destitution and misery among their inhabitants. Can any portion of such destitution be fairly attributed to lack of industry? Might not some of it be fairly attributed to over-industry? Let us apply ourselves first to

the last of these questions. We have already admitted that industry may be misdirected—that is, directed, not to good, but to bad purposes. Misdirected industry ought not to be represented as over-industry. That industry only should be considered over-industry which is put forth in excess for good purposes. And there can be no doubt that it has happened to many to work beyond their strength, to undermine their health, and to impair their faculties by inattention to, or misapprehension of, the requirements of their organization. We may find by and by that it will conduce more to our clearness of judgment if we attribute evil consequences arising in this way rather to want of attention and information than to excess of industry. Since the same amount of industry, or even a greater, differently applied, might not be at all in excess.

The effects of lack of industry in the world are too manifest to need much exposition from us. Lands untilled and unsown, crops indifferent from want of the hoe, wood and iron-work perishing from want of paint, locks and bolts broken from want of oil, roofs decaying from want of thatch or a nail, garments useless from want of a stitch, the fishery a failure through an unrepaired net or a leaky boat, provisions spoiled, property destroyed, and lives sacrificed, through what is termed the scamping of work, are all of every-day occurrence, —demonstrating how much greater would be our abundance of the necessities and comforts of life, were idleness less rife among us.

For want of a shoe the horse is lame. For want of a horse the waggon stands still. For want of a waggon

the hay is spoiled. For want of the hay the cattle pine. From want of all the farmer fails. The wanting shoe originated in the indolence of one of the farm labourers, to which no remedy was brought by the vigilance of the farmer. Will such farm labourers easily find farmers to hire them: or if hired, will they assist the farmer and promote abundance? Some men will not work more than four or five days in a week; and some will not put their whole energy into the work allotted to them. Can the labour of such people be turned to the best account, especially if the day on which they will not work be the day on which their service is the most needed? We have all heard of able-bodied paupers; and we should not be justified in passing judgment upon them till we have pursued our investigation further. But we may ask—is it possible that any of these able-bodied paupers cannot find employment, or will not accept it when offered, on account of their indolence? May the previous effects of that vice in them have brought loss upon those who had employed them? and are they not without a character for industry to refer to while seeking further employment?

We will endeavour to keep our ears open to all the difficulties and objections that may be suggested to us, come from what quarter they will. There are persons who tell us that although a participation in the necessities and comforts of life is not to be had without labour; yet, as labour is painful, it may happen, after the possession of a limited quantity of necessities and comforts, that the pain of the labour might outweigh the enjoyment from the possession of more. The very terms in which

this objection is couched imply what, as we have already seen, cannot be denied, that some work or labour, whether it be painful or not, is indispensable for existence. But is it really true that labour is painful? If examples of men to whom labour is painful be pointed out to us, might we not meet them with examples of other men who delight in labour? Can it be affirmed, then, we may be asked, that labour is pleasant? Accurate observation, we think, will convince anybody that there is no ground for affirming either that labour is pleasant or painful to all men. It is painful to some men, and pleasant to some men; and there are few men to whom some kinds of labour would not be painful, while other kinds are pleasant. Amid all this variety, we cannot deny, and we ought not to lose sight of the fact, that no community can enjoy an abundance of the necessities and comforts of life, among the members of which habits of industry do not prevail.

Having decided that industry must be ranked among the good qualities, that it prevails in different degrees in different parts of the world, and that it nowhere prevails to the extent that it ought for the general welfare of society, we must now ask: Can anything be done to promote its greater prevalence in the future?—and what? If we were to take a savage of twenty or twenty-five years of age, whose previous course of life had somewhat resembled that of a wild beast, reposing or sleeping except when roused to exertion by the cravings of hunger, the calls of passion, or the thirst for revenge, could we easily prevail upon him to engage in the steady continuous labour of an English artisan? Could we induce him

to share in the labours of the field, the mine, the factory, the railroad, the laboratory, or the desk? Without resorting to savage life, could we hope to make a steady labourer out of one of those full-grown idlers whom we commonly call "vagabonds?" You do not think that our efforts would be rewarded with much success? You fear that confirmed vagabond habits would not readily yield to any discipline or contrivances of which we have learned the mastery? As I share your fears, I can do nothing to allay them.

But is there no other quarter in which we might hope that success would attend our efforts to promote habits of industry? Are there any human beings among us who are readily open to influence for better or worse, in respect of industrious habits? You judge rightly. Infants—children—the very young—with habits unformed or unconfirmed, are such beings. Their natures are what we may call plastic. We do hear occasionally of the stubborn tendency to evil of some children, even from birth; but we have no need here either to deny or admit the occurrence of such natures among us. The practical good sense and virtuous and religious feelings of all good parents inspire them with sufficient confidence in the natures of their children, and in the efficacy of judicious treatment, to remove from their minds all doubts about the possibility of aiding their children to become good, and therefore industrious men.

Besides, before we despair of certain natures as hopeless, we ought to be confident that we are not wanting in the ability to manage them. The child that grows up into an idle man, may do so through the unskilful

treatment of his guardian, as well as through his own perverse nature. Shall it be left to the unskilful guardian to decide on which of the two the blame is to rest? But granting that there are exceptional cases of perversity of nature, as of idiocy, dumbness, deafness and blindness, are we doing all in our power to promote habits of industry? We can point to many hundreds of children whose guardians are sparing no pains to form them into industrious men. We can also, sad to say, point to many hundreds of children with whom no pains at all are taken. Will as many industrious men be produced out of every hundred neglected children as out of every cared-for hundred? You say that nobody can answer this question in the affirmative. Be it so. Let all who answer it in the negative, however, ask themselves before they turn their thoughts to other subjects, whether they have done, are doing, and will do all that is in their power to guard, not only their own, but all children from the consequences of neglect.

The love of exertion and work in children wisely cared for, grows with their growth. Children wisely cared for live in the midst of industrious people. They imitate and long to do what others are doing. They begin to form industrious habits before they can understand their importance. Happy the children whose habits are thus prepared to second the lessons of wisdom as they are presented to their understandings! And when as you, at your age, with thoughtfulness called forth, with the desire, if not always so lively as you could wish, never dead within you, to improve and

elevate your own nature, with habits well directed and only not thoroughly set, because more time is yet needful, they are beginning to take upon themselves the improving and strengthening of their own characters, what a train of pleasing and ennobling thoughts will ever crowd upon their memories! You know the importance to yourselves and to others that you should grow up industrious. Temptations to indolence and inertness beset you. Feelings of languor, arising out of inequalities of temperature or health, the allurements of some attractive pleasure or novelty, disincline you to a task which you feel nevertheless ought not to be neglected. You resist the temptation! You overcome the seducing influence! You have done a great deal more than escape from an act of omission which your intelligence tells you is a bad act, and which all good men would condemn. You have begun to form a habit—to acquire the mastery over your impulses, confirming those which lead to good conduct, and suppressing those of an opposite tendency. You resist the next and each successive temptation with less difficulty, till at last idleness has no charms, and, therefore, no temptations to present to you.

The judicious and vigilant teacher will be careful to guard the children under his care against any mistaken notions in regard to the honourableness of labour—of all labour indispensable to human comfort. His example will do much. His approval and respect of those who are contributing by their industry to the common weal, and his pity and aversion for those who, under any pretence, shirk their share of work, will tell

upon the children who listen to his every word and watch the expressions of his face.

We know that, in former ages, immunity from labour has been considered a distinction—not only a luxury to be enjoyed, but a privilege to be proud of. Secession from that labour which, you have agreed with me, ought to be made pleasant, through the teaching of its uses and the training to its performance, has been praised as a religious act. A life of prayer and self-mortification has been held up as more acceptable to the Deity than a life of labour. Such notions comport but little with the conclusions we have arrived at; but they are not so completely extinct that we can venture to disregard the early symptoms of their growth. Their later developments, are not found to be easily manageable.

I have met with children who have told me, when asked how they hoped to get their food, clothing, and shelter, after they were grown up, that they would pray for them. It is difficult to imagine that the children could be giving utterance to their real sentiments as to how they were to procure the means of their subsistence. They had most probably slipped into a kind of verbiage to which incompetent teachers had introduced them, and might eventually accustom them. But the state of understanding from which such an answer springs is not to be trifled with. I called upon the children to tell me whether, by prayer alone, bread could be made, clothes be fitted, houses be built, or new panes of glass be provided for broken windows. They soon confessed that no extent of prayer without

work could obtain for them any supply of the necessities and comforts of life—that whatever else it might be desirable for them to do, work they must. Prayer might be an auxiliary, but could not be a substitute for work. They told me that God would not grant crops of corn to the idle farmer, nor grind into flour the corn of the idle miller, nor make into bread the flour of the idle baker; that he listened only to the prayers of those who worked so that their prayers might deserve attention. The repetition of my original question, after an animated discussion of the first answer, led to the only answer that will stand examination: “They would work for them.” Then followed: Shall you like to be cheerful and brisk at your work, or repining and dull? Are you sure to become industrious men? When must you begin to be industrious men? What ought you to do now to help your becoming industrious men? Will prayer alone make industrious men of you? or must you also perform your daily work at school and at home so that habits of industry may grow upon you?

Work is indispensable. Cheerfulness at work is desirable; and is attainable only by the formation of industrious habits from early childhood. If we as adults, or growing towards adults, ask ourselves—What ought we to do in behalf of the young who look to us for the formation of their habits and character?—there is but one answer that can avert self-reproach. We must take steps to form their habits while they are yet incapable of caring for themselves. We must gradually open their understandings to a sense of this

one among other conditions of comfortable existence—that they must work. And, lastly, we must awaken in them an attention to self-discipline, through which the good habits early planted may be so matured and consolidated, that the search for pleasure, and the discharge of duty, will be but two names for the same kind of exertion.

Of course we cannot but be aware that, up to the present time, numbers of children uncared for and ill-cared for have ripened into men. The consequences have been, and still are, before us. Are there any children yet among us similarly neglected? and, if so, what must be the consequences?

A re-statement of the conclusions that we have thus far arrived at will furnish an answer to the last of these questions, and will authorize us to invite all who care for the improvement of their fellow-creatures to give in their adhesion to our answer, or to challenge its correctness.

Men must work steadily and zealously in order to secure an uninterrupted sufficiency of the necessities and comforts of life. The sustained effort of labour is no drawback upon the happiness of those who have acquired habits of industry; and habits of industry should be commenced through judicious training from infancy, be continued through similar training, in conjunction with good teaching during childhood, to be perfected through self-discipline in youth and manhood. As habits of industry are not formed in children who are uncared for, so their industry, when they arrive at manhood, cannot be counted upon. Let it be known

that a community exists where neglected children abound, it would also be known that idleness and hence destitution could not fail to abound.

The multitude of neglected children and destitute men among us is a sad confirmation of the soundness of these doctrines. As our investigation proceeds, we may find intermediate links, besides idleness, to connect adult destitution with child-neglect; but for the present there is no gainsaying, that idleness must be a *consequence* of child-neglect, and a *cause* of destitution.

Before we pass on to the next step in our investigation, we will again ask,—Is there any room to question the truth of the conclusions at which we have arrived, or to deny the facts by which they are corroborated? If not, what under the circumstances ought we to do? Not to wish to answer this question, and not to wish to shape conduct accordingly, may be possible with persons whose thoughts upon these subjects—upon the duties which they owe to themselves and others—have never been awakened. With you it is impossible. What, then, ought we to do? for that is the question which we intend to keep constantly in view. We must unite to diminish, and, if possible, to put a stop to child-neglect. Not to do that—to do nought but bewail destitution, and exhaust effort in vainly attempting to relieve it, is a sad misdirection of good feeling and waste of power.

Another answer may be suggested to the question,—what ought we to do? It may be said that we ought, if possible, to correct and reform the idle habits which are entailing such frightful consequences upon their victims and, through them, upon society. And so we ought.

But is it reasonable to expect much success from efforts at reforming, among a people who have not risen to a sense of what is obligatory upon them towards forming habits? Our reflections on the untutored savage and the neglected vagabond forbid our answering that question in the affirmative.

To you, whose destiny is cast in a rank where the necessities and comforts of life are almost certain to come to you in superabundance without any labour of your own, who have been already so well cared for as to be in the possession of habits of industry, and to be conscious of a yearning for self-improvement, what a noble career is open before you! Sensible as you must be of the immensity of the advantages inherited by you and by all similarly situated to yourselves, in finding good habits and dispositions ready formed within you, even before you had the intelligence to appreciate their value, you will be moved to pity when thinking of the many miserable victims of idleness and of other bad habits, and be animated by an ardent desire to throw in the weight of your influence and example for the purpose of promoting every judicious attempt to rescue the children around you from growing up, as they must if not disciplined in habits of industry, to swell the ranks of the destitute.

CHAPTER III.

Industry alone insufficient to procure abundance—It must be judiciously directed and ably applied—Knowledge and skill—Ignorance and unskilfulness not easily to be removed from adults—Children readily teachable—Self-teaching—Duty of each generation towards succeeding generations—Fatal effects of the negligent performance of this duty upon the advance of knowledge and skill, and hence upon well-being—Knowledge of duty, and undeviating attention to it in conduct—No substitute for attention to the formation of habits in early life.

WE have made one step in our inquiries concerning character and conduct—concerning what is good and what is bad, what is favourable and what unfavourable to the general well-being. We have satisfied ourselves that it is good to work—that without work an uninterrupted abundance of the necessities and comforts of life is not to be had; and as abundance is indispensable to well-being, we say that industry, without which there can be no abundance, is a good quality.

Our first step has landed us here: “Industry must precede abundance.” Can we also say that “Abundance must follow industry”? Men must work to obtain an abundance of the necessities and comforts of life. But when they work are they sure to obtain this abundance? The ground must be tilled. Are the operations for the purpose to be the same in every soil and climate? Will all crops yield equally in all places and in all seasons? Ought the land to be drained or irrigated, or both? Are alternations of crops or fallows desirable? Cattle

and sheep must be reared. Do they thrive equally on all kinds of food? and are all breeds equally serviceable to the purposes of man? Their flesh, their skin, their hair, their wool, their milk are desired. Does the abundance of these depend entirely upon the assiduity of the work expended upon them? Is it labour alone, or labour and something else that men must attend to, if they would extract from all these meat, leather, furniture, clothing, butter, and cheese, abundant in quantity, and wholesome and agreeable in quality?

Shall the cultivation of the ground be attempted by mere muscular effort or with the aid of tools? And are such tools as spades, rakes, ploughs, and harrows, the produce of labour, or of labour united with something else? Shall the grinding of wheat and the separating the bran from the flour be accomplished between two stones moved by the hand, or in a mill with the motive power supplied by the wind? or where the aid of wind cannot be relied upon, by water or steam? Will labour alone suffice to engage the assistance of these powers? or will they only yield their assistance to labour in alliance with something else? Will labour left to itself supply man with the products of every soil and climate, build and navigate his ships, construct his bridges and railways, guide his locomotives, contrive and work his electric telegraphs? or must something else be brought to co-operate with labour to accomplish all these results?

Industry alone does not procure for man all the abundance that he enjoys? There is something co-

operating with industry? Has this something a name? Yes, its name is knowledge. Knowledge in the industrious man is that which enables him to direct his labour so as to produce most successfully what he is aiming at—an abundance of the necessities and comforts of life. It is something within himself, of which he is conscious, and of which, when put forth—that is, when co-operating with industry, both he and others witness the effects. The knowledge of a nation or community is, of course, made up of the knowledge of the individuals that comprise it. It is manifested in all the products of their industry, and recorded in their books. It is the result of observation, experiment, and calculation. When arranged and systematized it is generally called science. To remove any doubt, or to fortify our judgments as to the efficacy of knowledge or science in directing industrial effort, we may as well ask ourselves a few questions.

In what respects has the cultivation of the earth been affected by the successive advancements in chemistry, animal and vegetable physiology, and mechanics?

In what respects has the conversion of the raw products of the earth and mines into the forms best fitted for man's use been accelerated and improved by the same sciences?

In what respects has intercommunication between all the people of the earth, and the interchange of their products been promoted by chemistry, electricity, mechanics, astronomy, and optics?

In what respects have our own health and happiness and the salubrity and comforts of our dwellings and

towns been promoted by chemistry, physiology, hydraulics, and mechanics?

In what respects has the knowledge of reading, writing, printing, arithmetic, and mathematics, contributed to the development of all these sciences, and to the diffusion of them among all nations and among the individuals of each nation?

Another question suggests itself here. Are there any conditions in the alliance between Industry and Knowledge which deserve special attention? You don't see the drift of this question? Well, that shows a want of tact on my part in putting it. Let us approach what I have in my thoughts, and what I feel almost sure only waits an opportunity to express itself in you, through an intermediate question or two. Do you write as well now as when you first held a pen?—better? Do you hem and sew now as well as when you first held a needle and thread?—better? Do you draw and paint, and play on the pianoforte as well as when you first handled the pencil and brush, or fingered the keys?—better? And why?—because you have practised. Has any name been given to what you have thus acquired by practice? Could an intelligent man who had never rowed a boat, nor driven a plough, understand the action of the oar or ploughshare? He could? But if he tried his own hand at either work, what would be the success of his first effort, compared with that of the practised ploughman and waterman?—very poor? What should you say he was wanting in, that the others were remarkable for? Skill. Yes, that is the name given to the aptitude and readiness in applying knowledge

acquired by practice and imitation under accomplished teachers.

The condition on which the union of knowledge and industry will yield to the people who exert them the abundance which they need is, that readiness, expertness, aptitude, or, as it is more commonly called, "skill" shall have been acquired so as to be at command when called for.

You will observe that by the method of investigation which we are pursuing we contrive to avoid all interruption from controversies about the meanings of words. Circumspection in the use of language, where ambiguity of expression is common, and attention to the sense of words which frequently have more meanings than one, and where there is danger of gliding imperceptibly from one meaning into another, are of course highly necessary. Familiarity with verbal distinctions you will be gaining, doubtless, at other times; and a most useful acquisition it is to assist you in your other studies. But, in this course, we must endeavour not to have our attention distracted from the one question to which we are seeking answers—a question sufficient both from its importance and from the range and extent of the subjects embraced in its answers, to occupy all our thoughts for the time—"What ought we to do?"

We may arrive at the conclusions to which we have given expression by another road. With the evidence collected, we may ask—Do all industrious men produce alike? No. Do some *direct* their industrial efforts better than others? Yes. Do we want a name to distinguish one class of these men from the other; and

have we a name? Yes—we call one class well-informed, the other ill-informed; and we say that knowledge is a quality of the first, and ignorance of the second. Again, do all well-informed industrious men *apply* their labour equally well? No. Some produce much more than others, because through practice, natural aptitude, and opportunity of imitating the best models, they have acquired the power of applying their knowledge in greater perfection. Do we feel the want of a name to distinguish two classes of such men—the comparatively successful, and comparatively unsuccessful; and have we supplied that want? Yes, we designate them respectively the skilful and the unskilful; and the quality possessed by the one class, and wanting in the other, we call “skill.”

You must be prepared to meet with persons who, both in written and spoken language, do not conform to the precision of expression which you think it wise to adopt as a means of communicating your opinions, and of preserving yourselves from confusion of understanding. These persons will neither accept the meanings which you attach to words, nor favour you with others by which they will fix themselves to abide. Your precision will assist you to detect their errors and clear up their perplexities, where the merits of what they offer for your consideration deserve the effort, or where the danger to others of the consequences of their mistakes may call you to expose them as a duty. Your habits of precision will also make you cautious in assuming that words conveyed the same meaning in the books of former times that they do now; since, with the progress of

knowledge and the changes of opinion, not only are new words adopted, but old words become the signs of new ideas; they who read and write and talk without much reflection being quite unconscious of the transition which has taken place.

Have we, think you, examined and compared sufficiently to warrant our passing judgment upon the two qualities to which the names "knowledge" and "skill" have been affixed? Shall we place them in the "good" column? Or shall their opposites, "ignorance" and "unskilfulness," be placed there? You have formed your judgments? Knowledge and skill must be classed among good qualities, if only because they minister to abundance. While ignorance and unskilfulness must be placed among bad qualities, if only because they obstruct abundance. Every advance that you make in knowledge will furnish you with additional evidence of the propriety of this classification, and will unveil the action of these qualities upon human well-being in other ways, irrespective of their influence upon the necessities and comforts of animal life.

If only to fortify ourselves against doubt upon so important a matter at any future time, let us yet pause a moment, and try to represent in a strong light what our condition would be if, while everything else around us was undisturbed, we were to be deprived of all our knowledge and skill. We should go on eating and drinking and wearing out—in one word, we should "consume" as heretofore, and we should work industriously to replace. But would all our industry, no longer aided by knowledge and skill, enable us to replace

what we consumed? It would not. Our stock of the necessities and comforts of life would gradually diminish, and want and disease would progressively reduce our numbers ever too large, even when reduced, for the means of support.

But we must not leave entirely unheeded a voice of warning which, I dare say, has made itself heard even by you:—"Beware how you attempt to impart knowledge and skill indiscriminately. You may unfit people for the work allotted to them by giving them too much knowledge. The streets and roads must be kept in order, drains, sewers, and sinks must be made and cleansed, filth and offal must be removed, wounds must be dressed, and the sick nursed, soap and candles must be made, and all menial and disgusting services must be performed: and who will bend themselves to this work when all are well-informed, skilful, and accomplished?" You do not shudder at these dangers? You know that the highest attainments in science and art, and the most elegant refinements have often been united in the nurse and the surgeon, and in the sanitary reformer and engineer, contributing efficacy to the zeal with which they performed their duties.

A doubt might arise as to whether the alarmists who thus tremble at the consequences of a *too* great spread of knowledge and skill really mean by these words what we have included under them. We do not pretend to tie others down to our definitions, but surely we may insist upon some of the items that are to be included under the terms knowledge and skill, however much they may be extended so as to embrace


others. Under the name "knowledge," then, we comprise those intellectual acquirements which enable individuals and communities to perceive the best methods of obtaining an abundance of the necessities and comforts of life; and under the name "skill," we comprise the aptitude for executing what is suggested by their knowledge.

If those who fear to witness the general diffusion of knowledge and skill are thinking, when they use these terms, of nothing more than the power of interpreting the words of one language in those of another, and a readiness of manipulating not obviously referable to any other purpose than that of occupying otherwise vacant hours,—if they mean by education teaching what has no direct bearing upon the abundance of the necessities and comforts of life, and drilling in what seems far removed from readiness in executing work; then, of course, they are objecting to what we are not thinking of, at all events just now. We might agree with them that a general diffusion of knowledge and skill, as thus understood, would rather paralyze than invigorate industrial effort. We have here, thus early, an instance of the necessity of caution in ascertaining and fixing the meaning of the terms under which we register for use and reference what we call knowledge, and in convincing ourselves, before we engage in controversy with others, that we are about to discuss the *same subjects* under the same words. It will often be found that the difficulty of coming to an agreement upon subjects submitted for our investigation and decision will be removed when we have come to an

understanding on the meaning of the terms through which we are obliged to communicate with one another.

Let us, then, repeat once more that if mankind are ever to enjoy an abundance of the necessities and comforts of life, not only is industry requisite, but this industry must be combined with capacity for its direction and aptitude in executing that to which their capacity directs them. This capacity we designate under the term "knowledge," and this aptitude under the term "skill," whatever besides, directly or indirectly, may be implied by these terms as used in common parlance.

There is another question which is sure to be put to you in some shape and by somebody, and which we may, therefore, as well put to ourselves. Are not knowledge and skill often applied to bad purposes? Have not lucifer-matches been used to set fire to ships, houses, and corn-ricks? Has not the electric telegraph been used in planning robberies, and the power of steam in conveying the perpetrators of a burglary to their prey, in removing their plunder, and in expediting their escape from justice? Have not the science and dexterity of the practised chemist and engraver been made subservient to the criminal schemes of the coiner, the distiller, and the forger? The difficulty raised in these questions is similar in character to the one noticed when we were examining the claims of industry to be classed among good qualities. All the faculties and acquirements of man, knowledge and skill among others, may be perverted to bad purposes. As with industry, so with knowledge and skill; we do not say that they are all-sufficient to make man what he ought to be. We



may have to enumerate many qualities besides, with which they must be associated for that purpose. We are advancing slowly, perhaps, but cautiously, to form our opinions. We have judged of industry, and are judging of knowledge and skill. We will not prejudge other qualities. But the exclusion of knowledge and skill from our column of good qualities we feel to be impossible.

We need not ask again whether the possession and enjoyment of abundance can be said to be observable universally among the inhabitants of any country. We have agreed that they cannot. But may not some part of the destitution which we see around us be traced to ignorance and unskilfulness? Is it too plain to be doubtful—so generally admitted as to make proof superfluous? We would endeavour, then, to get rid of these causes of destitution. Is there any difficulty in the way? Shall we try our hand upon the first dozen of the many ignorant, unskilful men whom we may meet? There is work to be done. There are *written* directions to be followed; there are orders to be *noted* down; there are *accounts* to be drawn out and checked, payments to be made, receipts and change to be given. There are goods to be weighed and measured; there are horses to be driven, to be shod, to be groomed; there are houses to be built and repaired; there are bricks to be made, stones and slates to be quarried; there is bread to be made, wheat to be ground, and thousands of other things to be done, which an ignorant man cannot understand, and which an unskilful man would damage in the attempt to perform, but could not succeed in per-

forming. If these dozen ignorant, unskilful men are to earn the means for their own support, they must be assisted to substitute knowledge and skill in the place of their ignorance and unskilfulness. The really good and instructed men in the world must set about this work for their unhappy brethren. The young who, like you, are aspiring to be useful members of society, must devote themselves with the greater zeal to the acquisition of knowledge and skill, in order to supply the want of them in others, where this want cannot be removed, and where possible to remove it.

We will not think so meanly of ourselves as to suppose that we could hesitate to set about instructing these twelve ignorant unskilful men. What, so soon disheartened? Are there difficulties that you did not anticipate? You cannot get them to fix their attention? They learn slowly and forget quickly. They seem to have no power of application. They are not so much unwilling as incapable. Their muscles are intractable and rigid from long disuse. The pen, the brush, the needle, the awl, the hammer, the plane, and the chisel, in their hands, are instruments of torture and destruction, instead of implements of production. There is nothing vigorous about them but their appetites, and their hankering after some excitement to vary the monotony of their existence.

Some of these unteachable adults will perhaps tell you that what you are attempting in their behalf ought to have been done for them while they were yet children. You will, no doubt, ask yourselves, why were not these unfortunate men better cared for during their childhood,

when they participated in the curiosity to be learning, and restlessness to be moving and doing, ever active at that period. You may also ask, whether I, and others of my years, sharing in my advantages, do not blush to look back upon the apathy and negligence which have led to such sad consequences? Are not all men fellow-creatures, and ought not all instructed men to fulfil the duties of fathers towards the neglected, as much as fathers ought to fulfil theirs towards their children? We ought to blush; and you, too, ought to be forming such resolutions, and so preparing to fulfil them, that you, in your turn, shall not have cause to blush.

If disheartened and foiled in our attempts to impart knowledge and skill to adults who have been neglected in childhood and youth, are we sure of success with children? or are the want and suffering sure to follow from ignorance and unskilfulness, the inevitable lot of humanity, because knowledge and skill cannot be generally imparted? Do we not hear of children who will not learn, and who cannot be made to learn? You agree with me in thinking that these questions may be deferred till the case of those children in whose behalf no instruction is attempted shall have been disposed of. Because a *few* may be unteachable, ought the *many* who are teachable to be left untaught? We must not allow our attention to be distracted for a moment from the unpardonableness of the offence of child-neglect. Who are you, we will ask, when the instances of failure are brought before us, who venture to charge childhood with perverseness and intractability? You have failed in your efforts to teach? Are you quite sure that the

cause of your failure was not rather in yourself than in your pupils? Were you not deficient in judgment and tact? Did you not attempt to pass off upon them as knowledge what they could not understand as such? Have you not drawn too largely upon their continuous attention—overstrained their powers of application? Have you not, in particular, wearied them with the spelling and reading, and translating of words to them meaningless, instead of interesting them with things to them full of meaning and to which they would gladly learn to attach words, so that they might talk of their knowledge to you and others, and be assisted through these very words in their efforts to obtain more knowledge? Have you been ever mindful, as with habits of industry—the means of producing, so with habits of application—the means of learning, that they are of daily growth, and are not to be obtained at sight or by command? Have you that mastery of the teaching art which first awakens curiosity and assists it to obtain gratification, then awakens more curiosity and induces attention or more protracted effort to earn gratification, and ultimately, through one of the universal laws of our organization, causes application itself to grow into a habit, the exercise of which is a pleasure—exclusion from its exercise a torment?

The young who, though no longer children, have not yet entered upon the more responsible duties of life, who, like you, are conscious, with all their failings, of being as good as they are on account of the judicious care taken of them before they could think and care for themselves, will feel that the teaching of others must

henceforth be replaced by self-teaching. Good habits have to be reared in us by others, but they must be maintained and strengthened by ourselves. Application, like labour, has been represented as painful. It is painful to some—pleasant to others. But it is the road to knowledge and skill, without which there cannot be abundance or any of its attendant blessings. Ever and anon, in the day's work, the whisperings of indolence will make themselves heard; these have to be stifled. The claims of rest and recreation have to be attended to, so that the hours of study may be made more profitable; and they have to be distinguished from the allurements of dissipation which might undermine good habits and unfit for application, causing its pleasures to be unknown and its fruits to be untasted.

This power in man's possession of largely influencing, if not of absolutely determining, his own future habits, should be one of the thoughts uppermost in the understandings of youth. Their knowledge, if they have anything worthy of the name, has already made them acquainted with some causes and their effects. Their skill has made them expert in the use of some means for the accomplishment of ends. And their experience has satisfied them that, throughout their life, there will ever be more knowledge accessible to them if they will learn, and more skill to be acquired if they will practise. In making his first essays on a new subject the learner is liable to a feeling of reluctance, which, however, he overcomes by fixing his attention upon the good to be attained or the duty to be performed. As the new subject grows upon him, reluctance disappears

—fascination and enthusiasm occupy its place. With some, long practice in entering upon new studies has made each fresh claim upon the powers of application a pleasure in itself, and thus versatility is engrafted upon knowledge and skill, and the pleasures of all are added to the abundance and enjoyment of which they are the cause.


It is impossible to study the history of man's advance in knowledge and skill without being deeply impressed with the conviction that the progress which he has made is greatly attributable to his power of recording and consulting the knowledge already in his possession. The time allotted in every course of instruction to the study of language may be taken as evidence of the importance attached to a possession of this power. What is really wanted for each generation, is that it should be invested as perfectly and speedily as possible with the attainments already made, be inspired with an earnest desire to add to those attainments, and be disciplined in the best means of accomplishing that object.

However important the ability to read and write may be as a portion of the qualifications requisite for mastering the knowledge in the possession of others, it is but a portion. Even if we add the ability of performing these operations in many languages, and of translating from one language to another, and of computing and measuring, carried up to the highest mathematical studies, we still have but a small portion—an important but, nevertheless, a small portion. It is as oil in machinery, indispensable and yet subordinate.

The knowledge really wanted, in its completeness, by each generation, is that of the world into which they are born, and of their own nature and organization. The vast strides made of late years by a small number of men among the more civilized people, have given an impetus to the feeling that something more is called for than has been hitherto attempted in the way of instruction to the young in general. Cannot education, it is asked, be so conducted that the young shall enter upon the duties of life, at least with correct impressions concerning their own natures, and concerning the world—the stage on which they are to perform their parts; with a full persuasion that what they do know is little compared with what they have to learn; and with understandings so disciplined, and aspirations so directed, that the work of self-improvement in combination with good conduct towards others will be felt to be the principal charm of existence?

May we not say, since these impressions, persuasions, and aspirations are not likely to come to the young except through the intervention of adults, that the attempt to impart them is a duty owed to each generation by the one preceding it? May we not say that some, at least, of the destitution and misery prevailing in the world is chargeable against the more instructed and influential members of society, so long as other recreations and pastimes have greater attractions in their eyes than the discharge of the most obvious duties towards feeble and helpless childhood?

Our answer to the question, "What ought we to do?" stands for the present thus: We must work, we



must learn, we must practise ; and, besides, we must so minister to children, as that with their advancing years they shall have acquired knowledge and skill with a longing to acquire more. We shall particularise, as we proceed, some of the subjects on which the capacities for learning of all—young and old, ought to be exercised, and some of the acts to the performance of which the attainments and dispositions of all ought to be directed.

But you think that there is one subject connected with " Knowledge " which it would be wrong to defer to a later period of our course ; and you ask, Is not much of what we have been insisting upon generally cared for under the head of Religion or Religious Knowledge ? It is by some religious instructors, and ought to be by all ; for is not proficiency in such knowledge and undeviating attention to it in conduct Religious excellence ? Religious knowledge cannot be disconnected from knowledge of duty ; and the question with which we started, " What ought we to do ? " is only another form of the question " What is our duty ? " We have made a few steps in answering the question " What ought we to do ? " We have many more to make ; but we must be watchful to make no false steps, and to preserve religious harmony among all our convictions. Let us, then, put the question in the form just suggested by you—What is our duty ? To obey the will of God. But what is His will ? Does not every step in knowledge make us better acquainted with His will ? Have men in former ages always interpreted His word as we interpret it at this day ?

Is there even now a perfect concordance of interpretation? Are we not compelled in sorrow to admit that unseemly strifes and rancours disfigure the controversies which variety of interpretation gives rise to? You, at all events, will keep clear of words and thoughts which would disgrace any inquiry—and more especially a religious inquiry; for you are trying to understand His will with the wish and in the hope of obeying it implicitly. What is God's will? Is it not His will, think you, that we should work, and learn, and practise, and that, by judicious training and teaching, we should impart habits of industry, and knowledge, and skill, to the young? Is it also His will that we should store up for the future, and to what extent? that we should buy and sell, borrow and lend, hold slaves, lay violent hands on some, give liberty to others, relieve those in want and rescue those in danger? or where should we hesitate, where refuse? We shall, I hope, discuss some of these questions; and you will, in solving some, acquire the power of discussing others, with profit and improvement.

To consider it a religious duty to study these questions, with the intention of regulating conduct by the convictions formed, is a great step towards religious excellence. It is a great safeguard against that saddest and most horrible manifestation of depravity—conduct subversive of human well-being sanctified by a show of religious observance.

We must not quit this subject, even temporarily, without a special notice of that capacity in man which distinguishes him so remarkably from other beings—

the capacity of religious reflection, or of studying and learning God's will, and of recognising its perfect conformity with what each member of society owes to every other, individually and collectively. Ought not the contemplation of this capacity in our nature—dormant, as far as we can judge, in the savage state, and liable to remain undeveloped in children who are not carefully brought under the influence of adult civilization, to quicken our sense of the duty which we owe to ourselves in perfecting our knowledge of the distinctions between good and bad qualities, and good and bad conduct, and also of the duty which we owe to the young in forming in them the habits likely to predispose to the practice of that conduct which subsequent intelligence will show them to be good?

The knowledge which imparts to us a readiness in distinguishing between good and bad conduct would be of small avail if it did not also help us to the means of inducing good conduct in ourselves and others. Is it not true that the larger part of daily conduct is the result of character and habits already formed? Are we not conscious in ourselves, as well as observant in others, of the force of habit even in opposition to our sense of what is right? Is not the predominance of habit over reason, where it occurs, a subject of regret to every well-disposed man? and ought not our knowledge of this mighty power of habit, whether opposed to, or in harmony with, our sense of right, to stimulate you and all who, like you, will probably through life be relieved from the necessity of earning the means of subsistence, to direct your thoughts and efforts to the grand work of

securing for the young that training which will form in them habits ready to execute the dictates of their progressively expanding intelligence? Such an application of your influence and talents will reconcile you and all those who work for you to the arrangements of society which place the earnings of others at your disposal.

To obey God's will, we must know it. To know it we must know how we can most effectually promote the happiness of our fellow creatures. There may be more for us to know, so that we may do His will, but that, at least, we must know; and in order to master this knowledge as perfectly as possible, you will, I hope, steadily persevere with me in the course which we have so happily begun.

CHAPTER IV.

Other qualities needful in addition to Industry, Knowledge and Skill—Men's wants recur uninterruptedly day by day throughout the year—Only one principal harvest in the year—Men must save, and not only from one harvest to another, but more than that, in order to guard against occasional bad harvests—Men must also save to provide for themselves in sickness and old age, and for the infancy of others—Economy, how distinguishable from penuriousness—Extravagance—Wastefulness more difficult to cure in adults than to prevent in the young—Difficulty of inducing habits of economy in the children of the destitute.

HOWEVER indispensable the prevalence of such qualities, as industry, knowledge, and skill, may be among a people, to provide them with an abundance of the necessities and comforts of life, our previous inquiries have already led us to expect that these qualities must be associated with others. Can you think of another, which we might rank next in order? These three form part of the foundation of a sound social fabric. Is there any other yet wanted for the firm support of our projected superstructure?

When we consider very carefully the utmost that industry, knowledge, and skill, can do for us, we find that they principally serve to supply, not our present, but our future wants. We subsist mainly upon what these qualities have produced in the past. Must not some other quality have been present with them to enable us to enjoy now and hereafter what they had produced?

To thoroughly apprehend the significance of this question, let us ask—What would happen if all the results of past industry, knowledge, and skill, were suddenly swept away, still leaving us in possession of those qualities? The larger part of the human race would speedily cease to exist. Here and there might survive on a few select spots on the globe some small tribes who, using the qualities still surviving in them, might replace in the course of ages what had been swept away. To accomplish this, would it be needful for them to do anything more than work steadily, intelligently, and skilfully? If I were to give you a week's provisions at the beginning of the week, telling you at the same time that no more would be obtainable by you till the week following, what would you do? You would on the first day set aside enough for the succeeding six days; and take care each day not to consume more than a fair share of the week's stock. If I gave you at the beginning of a year wherewithal to maintain yourselves for the whole of that year, no opportunity of obtaining more being open to you, how would you contrive to secure the means of subsistence for each day in the year? In the same way—by saving.

You know—you feel that you require food every day throughout the year. Are the wants of all men in this respect similar to your own? Might we even say that the appetite for food makes itself felt by many—especially by the young and those who greatly exert themselves—three or four times a day? Men may now and then, without detriment, be deprived, or kept waiting for their usual allowance of food, but as a rule they require a

certain supply of food every day throughout the year. Whence do they obtain that which they most depend upon—bread? From those among them who are called bakers; and the bakers obtain the material of bread—flour, from those among them who are called millers; and the millers their wheat from those among them who are called farmers; and the farmers get the wheat from the earth: and does the earth yield its wheat every day, or even every month in the year? No—only at one season, the autumn. We shall, on some future occasion, have to inquire into the origin and advantages of those separations of service, from the baker to the farmer; but whether the various processes for supplying bread be performed by one man, or by many men, the wheat out of which the bread is made is only to be got from the earth at one short interval during the year.

It appears, accordingly, that mankind actually have their supply of wheat, out of which their bread is made, served out to them at one season only in the year. It is obtained, as we have seen, by industry, knowledge, and skill, but only once a year; and they require some portion of it every day in the year. What must they do in order to have enough to supply their wants every day throughout the year? They must save. If men did not save from one harvest to another, they would die of famine. By saving in this way, will they be beyond the reach of famine? No: and why not? Because we occasionally have bad harvests. To guard against famine, then, from the occurrence of bad or late harvests, men must save, not only from one harvest to another, but somewhat more.

All-sufficient as are these reasons for saving, a few more may yet be added to them. Men, we have agreed, must work to replace, at least, what they consume. They are ever consuming. Are they as regularly working? No; they are occasionally prevented by illness, and always, if they live long enough, by the infirmities of old age. Among an intelligent and well-conducted people, the wants of others' infancy and childhood, as well as of their own sickness and old age, are provided for by their saving; the wants of their own infancy and childhood having been supplied, in like manner, from the savings of their predecessors.

The extent to which intelligent and skilful labour has been followed up by saving in such a country as this is visible in all directions. Not only have we a large stock of food, clothing, houses and furniture, ready for use, and a large stock of the raw material out of which relays of these things may be provided; but tools, machinery, docks, roads, ships, and vehicles, by which a continuity of supplies, even for periods far distant, may be kept up and distributed, or any urgent and unexpected want supplied with rapidity. The continuity and magnitude of the saving by which industry, knowledge, and skill have been enabled to accomplish these magnificent works will be best understood by bearing in mind that they have all been so many instances of the conversion of food, clothing, &c., through the labour of the men employed, into new forms and combinations, as a means of supplying future wants rapidly and satisfactorily.

That men have saved and are saving is undeniable.

We cannot but be sensible that we have been greatly benefited by the savings of our forefathers, and that our own comfort, as well as that of our descendants, would be greatly impaired if saving were to prevail less than it does. There are many men, unfortunately, who neglect saving, or who omit to save as much as they ought; and the suffering consequent upon their recklessness can only be mitigated by means of others' savings. And if the number of such reckless persons be large in proportion to the saving, the condition of the whole will be unsatisfactory. It might be expected that some such opinions as these will long have been current, and that names will have been given to the two classes of men—the saving, and those who have notoriously neglected to save. It is so; the saving have been termed thrifty, or economical, and those who have neglected to save thriftless or extravagant. Giving a substantive name to the quality, we say that the saving possess the quality of economy. In which of our two columns shall we place economy; in that of the good, or of the bad? Would the growth of such a quality among a people somewhat thriftless tend to improve their condition? Would it conduce to their well-being or otherwise? You do not hesitate to place it among the good qualities? It seems almost superfluous to put such questions.

Everywhere around us we see proofs of past industry, knowledge, and skill. These proofs would not exist but for economy. In juxtaposition with them, we see very many individuals suffering from want and its consequences. Is all this want a part of man's unavoidable

destiny? Or is it traceable to causes, some of which may be removed? That question we have already answered, since we have agreed that it is partly traceable to idleness and ignorance; and that the prevalence of these defects may be more checked than they ever yet have been by better teaching and training. Is any of it traceable to extravagance? You wish to know before you answer that question how far economy can be carried. A man cannot save all his earnings—he must consume a part of them in order to support life. If he were to deny himself ordinary comforts, so as to make a hoard, you would rather call him penurious or miserly than economical. These terms, however, do not help us much. They merely convey the impression that we can blame as well as praise a saving man.

Nevertheless, if there were no saving, men would degenerate into savages, and there would be very few of them. It only remains to be determined to what extent savings should be made. Where a man can adequately provide for all probable future wants, while he denies himself none of those comforts and luxuries which conduce to health and enjoyment, we do not call him extravagant. We might think him luxurious, inhuman, or inattentive to the want and misery of others. Another man might consume less than half as much of the products of industry, and yet be fairly chargeable with extravagance, if provision for his probable future were neglected. As it might be economical in one captain of a ship to grant full allowance to his crew, so it might be extravagance in another captain to grant to his crew as little as half-allowance. No very precise rules of con-

duct for general application can be laid down, although the principle on which everybody ought to frame rules for his own guidance is clear enough. There are present wants to be relieved, and present duties to be performed. There are also future contingencies to be provided against. The consumption of means for present purposes, without a due regard to the future, is what we should characterize as extravagance; while the due regard for the future, however severe the self-denial in limiting present consumption, constitutes economy. Self-denial beyond that is what alone can be characterized as penuriousness.

The opposite characters of the spendthrift and the miser have often been made the subject of comment. The miser has generally been considered the more hateful of the two. It may well be doubted, however, whether he is the more dangerous or culpable. Misers and spendthrifts stand at the two extremes of those who, in the consumption of their earnings, deviate from a due regard to the claims of the present and the future. The deviations of people are generally far short of these extremes. Which is more likely to be the failing of an uncultivated man—a forgetfulness of the future in present enjoyment, or more self-denial than is necessary for future security? You think a forgetfulness of the future is likely to be the more general feeling?

But you are not satisfied that self-denial can properly be called a means for preventing or diminishing destitution, since it merely guards against future want by a voluntary submission to present want? Economy shifts suffering from the future to the present, while extrava-

gance shifts it from the present to the future? In reply to these questions it may be observed that economy does something better than shift want from the future to the present, since in very many cases it guards the future by the precaution, not of painful abnegation, but of careful consumption in the present. In like manner, the baneful consequences of extravagance are ill-understood by those who represent them as a mere transfer of suffering from the present to the future. In most cases it is really a preparing of future misery without any compensation in the present.

Accepting the case, however, as placed before us, we must not omit to apply what we have already learned.

The wants of men recur day by day throughout the year. The principal source whence these wants are to be supplied—the harvest—recurs only once a year. The wants of man are life-long. The capacity for labour during one part of his life is undeveloped, during another part suspended, and lastly exhausted; and economy in others and himself is the only means known to us by which suffering can be avoided in the position in which we are placed of being compelled to rely upon an intermittent source for an uninterrupted supply. Economy provides the reservoir which enables a perpetual supply to be drawn from an intermittent source. It is the tank which collects the water of one rainy season in the year for the wants of life throughout the year, and provides against occasional droughts besides.

The result, then, of our reflections upon what we know of the constitution of man and of the world in which he is placed, being that economy is indispensable

to his well-being; and our daily experience of what is going on around us being that very many men, in defiance of the undeniable results of our reflections, are wasteful, that is, utterly unmindful of the future: ought we not to set to work to make them mindful? You do not doubt that we ought. But we might not be able? The work would be difficult? But when a good work is to be done, we must not be faint-hearted. Let us go among the stalwart navvies, the hardy sailors, the skilful artizans, and those who work in mines and foundries. They not only work hard, they live hard. They seem to deny themselves nothing. On close inspection, we see the want and suffering of the maimed, the ailing, the infirm, and the aged. Let us invite attention to the causes of this suffering. Let us warn these men of great muscle and little reflection of their danger. Let us advise them to put some restraint upon their sensual indulgence. They heed us not. They laugh at us. We tell them that they might be quite as happy consuming less, and that by saving now, they would keep off future want. They don't believe us. They will not, they cannot save. This is very sad! There are some people whom you cannot benefit. It will be something still more sad if we omit to inquire how it is that we can make no progress with these men.

With rare exceptions, they have formed habits which they are unable to control. They can deny themselves no present indulgence which comes within their reach. No consideration of future suffering has any weight with them. We might reach their understandings, but we cannot influence their conduct. But there are

children around them. The infants, at all events, have no fixed immoveable habits. Can they be benefited by our interference? Can they be so dealt with as that in adult life they shall be able to forego without reluctance, nay with delight, gratification in the present, for something in the future of which they can comprehend the advantage? Have the young capacities to admit of their being instructed in what appears so plain to us? Have they pliability to allow of their being trained to make future consequences a part of their present enjoyment? It is excusable to hesitate before such questions. We cannot shut our eyes to the consequences which must attach to our answers.

Let us, then, have, if possible, a faithful picture of the two states of being, whether in individuals or in societies—the one where future consequences are unthought of or unheeded, and the other where they are calculated and provided against. A savage and a civilized man shall each have in his possession a stock of provisions sufficient for a given time—say for one month, and be so situated as to be unable to procure more in less than two months. The savage is either ignorant of his real position, or, if it be known to him, he is unable to restrain his appetite. Consequently, during one month, he eats his fill; and afterwards he dies of starvation. The civilized man is well informed of his position, and able to control his appetite. He puts himself on half-allowance, and survives through the whole period. Which of the two is the happier? Which suffers least? The civilized man? You think the state previous to death by starvation much more dreadful than that of

half-allowance? But which is the happier during the first month? The savage, with his appetite satisfied, or the civilized man, with his appetite half satisfied? Has the savage really the advantage over the civilized man, even during the first month? We should, there can be no doubt, make the savage miserable for the time, were we to force half allowance upon him. But should we make the civilized man more happy if we were to insist upon his indulging in full allowance? No. Should we make him less happy? We feel that we should. And it interests us greatly to account to ourselves for this remarkable difference between the savage and civilized man.

The savage is, so to speak, all stomach. The civilized man is head and stomach. The cravings, the gratification of which constitutes the happiness of the savage, are merely animal. The cravings, the gratification of which constitutes the happiness of the civilized man, are animal also, and much besides. A large part of his craving for present enjoyment is to be satisfied only by providing security for the future. He is an intellectual, moral, and religious being. His intellectual, moral, and religious qualities have acquired a very considerable mastery over his physical organization. Not only, then, is it clear to the impartial bystander that the civilized man enjoys a larger share of well-being during the two months, taken as a whole; but that he actually does so during the first month while he voluntarily restricts himself to a half allowance of food. The pains of hunger which he submits to are more than compensated

to him by pleasures altogether unknown to the savage—those of anticipation.

Let us now apply what we have learned from our contemplation of the single savage and the single civilized man to a barbarous and a civilized people. They both dwell on an earth which gives forth its main supply of food during a small part of the year; this intermittent supply being subject to diminution through drought and blight and other causes of failure. History confirms the conclusion to which our present investigation leads us—that a barbarous people cannot escape from visitations of famine and all its attendant horrors; whereas a civilized people enjoys a constant supply of food—not constant full allowance, but full allowance varied by occasional submission to short allowance, a consciousness of the prudence of which so permeates their whole moral being, as to outweigh in its benign influence the pains of an imperfectly satisfied appetite.

The savage man and the barbarous people are not, however, to be turned all at once into the civilized man and the civilized people. With rare exceptions, full-grown savages, for reasons which we have already examined, are irreclaimable. But their children need not necessarily become like themselves. Nor do the children of civilized men inevitably grow up to be civilized men. There is this similarity in all very young children, whether their parents be civilized or savage; they are ignorant, and incapable of foregoing any immediate gratification which is placed within their reach. Your experience will enable you to verify the accuracy

of this statement. If a box of sweetmeats were left within the reach of the children in the nursery, would they eat more than was good for them? Whom would you blame? the young children, or those whose duty it was to take care of them? If a similar box were placed at your disposal, it would hardly occur to anybody that you could fail so to govern your appetite as to save yourselves from a surfeit. Has anything been done to cause you to grow out of ignorant children, devoid of self-control, into what you are now, acquainted with many of the consequences of different kinds of conduct, anxious to learn more, and conscientious in acting up to your convictions? The kind and judicious treatment and able instruction of those placed over you, and the happy influences by which you have been surrounded, have accomplished all this. Might your characters be the very reverse of what they are, had you been less favourably circumstanced? May we say of children in general, that they will grow up into economical men, in proportion as their teaching and training are attended to and conducted with judgment? Shall we say that education—to convey what we mean by teaching and training under one word—is indispensable to save the children of savages from becoming savages, and to preserve to the children of civilized men the best inheritance they can receive from civilized parents—their civilization; in which will be included economical habits, or a state of being which finds in the contemplation of a future good secured more than compensation for present abstinence?

Convinced as we are of the necessity of economical habits to produce and sustain a state of well-being, we need not hesitate to recognise the difficulties in the way of creating those habits among a barbarous people, or among the barbarous and destitute portion of a civilized people. To generate habits of economy, there must exist something to be saved. There are, unfortunately, too many among us of whom it may be said that they possess nothing. In teaching the children of the very poor, I have had this difficulty presented to me. On one occasion a lesson that I was giving to a large class of boys, on the importance of cultivating habits of economy, took something like the following turn:—

“When you leave school, will you be able to earn much? Not at first. What do you expect to get? Perhaps 3s. a week. Will you save out of it? I shall not be able. Why not? My parents will want it all. And you will cheerfully surrender it to them, knowing how much they have denied themselves in order to feed, clothe, and shelter you, and obtain for you the education which you are receiving? You love your parents, and do you think that they love you? Yes. And that they are really anxious to see you a good boy, and growing up to be a good man? Yes. Now it will do you good, and please your parents, to talk over with them the matters that we have often discussed together in this class. Would not your father and mother agree with you about the importance of your forming economical habits? Might you not suggest to them that it would be useful to you, and useful to the family, that you should do

something regularly every week, for the express purpose of forming such habits? that they should allow you, for instance, to retain 1*d.* a week out of the 3*s.*, not to be spent, but to be saved? What would your savings amount to at the end of a year? 4*s.* 4*d.* What at the end of two years? 8*s.* 8*d.* Would you have gained anything else? A habit of thinking of the future, and of providing for it. What influence would this thoughtfulness be likely to exercise over you in other respects? A good one. Would it be likely to make you more punctual, more civil, more anxious to perform all your duties, and more capable of keeping your temper under control? When your earnings become greater as you improve in usefulness, will you be more likely to save 6*d.* or 1*s.* out of 10*s.*, for having steadily saved 1*d.* out of 3*s.*? Which man would be better able, do you think, to assist his parents, if they needed it, the one who when a boy saved out of his first earnings, or the one who did not? Which would be better able to preserve himself from destitution, or from becoming a burden upon his children, or a devourer of others' savings? Would it be any advantage to your younger brother still at school, that he should listen to such conversation between you and your parents? He would probably be assisted to keep steady, industrious, and obedient to the discipline of the school, and thereby to grow up, like his elder brother, an industrious, intelligent, skilful, economical, and thriving man, capable of bestowing upon his parents, if they needed it, some of the fruits of that education to which they had helped him."

You see around you vast supplies of the necessities and comforts of life, and cannot deny that they are the result of saving out of the produce of past industry, knowledge, and skill; but you do not clearly understand how and by whom these savings have been made? While we are agreeing upon the necessity, and conscious of the existence, of large stores of food, you are convinced that neither I nor any of those with whom you are acquainted are holders of any portions of those stores. But are we not holders of something which secures to us a share of the stores which are held by others? We shall have to examine how the duty of the saving needful for the general well-being can best be performed by the various members of society. At present it will suffice for us to recognise, that one individual holds stores of corn, another of sugar, another of cloth, and so on, while others again are proprietors of houses, of ships, and of shares in railways, docks, gas and water-works; no one of whom could subsist without obtaining participation in the stores of others, for which purpose he must surrender a portion of his own possessions. By the practice of lending, also, the apparent holder of the produce of past labour is not always the sole proprietor of what is in his keeping. We shall, besides, have to inquire into the facilities that have been introduced by the use of money towards successfully accomplishing the grand sum total of saving desirable for the welfare of society. We shall, I trust, gain an insight into the mechanism by which the different members of society, each endeavouring to make the saving desirable for himself, apply themselves

to make their savings in the form most likely to provide against the wants of others.

Meanwhile, let us fix our attention upon the point immediately before us. An individual or a community that can be considered *instructed* must be one that is deeply convinced of the necessity of saving. A *thriving* community must be one the members of which habitually feel provision against future want to be an indispensable element in present enjoyment. Here again the dependence of children upon adult care is forced upon us. Adults know what habits ought to be cultivated in children. Children do not; or at least they do not know at the early age at which great progress ought already to have been made in forming their habits. Adults have the power of forming habits in the children under their protection. What a different destiny opens upon children with the growth of their intelligence, according as they find the work awaiting them to be that self-discipline which easily strengthens habits already formed, or an anxious, difficult, perhaps unsuccessful struggle against habits, indulgence in which is alike fatal to the individual and frowned upon by society!

The work of forming habits in children is not a work of mere exhortation and injunction, or of denunciation and repression. It is a systematic attention to all the details, and the study and observance of all the requirements of domestic and school life; the school supplementing the home where that is well conducted, or counteracting and correcting so much of its discipline as is unhappily negligent or misdirected. Ought we

not to include the daily routine of a well-ordered family among the influences conducive to habits of economy among the young? Is there not the recurring surplus from each meal to be carefully preserved for future consumption? Is there not the cleaning, repairing, and putting aside of the various utensils and furniture, all of which are to be used over and over again for many years? And lastly, is there not the reservation out of money received, of that which should be not spent but lent,—the consideration of the respective claims of the present and the future, with a sense that inattention to the latter will not only endanger the future, but embitter every privation and trial in it by the painful retrospection of past duty neglected?

When the young make their first appearance in the school, do they not see there also, in the building, its furniture and apparatus, the savings of past labour? and if the school be well ordered, do they not see signs of the religious respect which has been paid to everything by the children who have gone out of it? Do they not observe a like sense of duty influencing the conduct of their new companions? Will they not be inspired with something like awe and admiration for the elder children who have been so sedulously careful of the apparatus which they are succeeding to the use of? and will they not be disposed to yield a cheerful obedience to the school discipline through which those good results have been achieved? Coming into such school atmosphere, will not the claims of the future, if thought of before, be strengthened and confirmed? Will not those claims, if never before intelligently

presented to their thoughts, be brought under their notice in a way likely to attract their sympathy and secure their attention?

The rules to be observed in the lending of money saved, the nature of the title thereby obtained to a share of the general saving beyond what is comprised in the household furniture, &c., the correct keeping of accounts, and skill in examining and verifying the accounts of others—all these, in the family and the school, are among the influences everywhere accessible for forming and cherishing those habits of economy, the want of which must be fatal to individual and social well-being.

Teaching in this spirit, you will observe, does not ignore the difficulty of inducing habits of economy in the children of ill-provided parents. It tries to grapple with the difficulty. An intelligent person, seriously intent upon contributing to the well-being of his fellow-creatures, and in providing for his own maintenance, will not fail to ask himself these questions:—Are economical habits indispensable? Ought we to shrink from the efforts requisite to induce those habits, because they must be difficult and tedious? If something far less serious than human well-being were the object sought for, shrinking from an effort to gain it because the effort must be difficult, while no easier presents itself, would be generally considered an act of cowardice. But when the alternative is, whether human well-being shall or shall not be secured, shrinking from the task, let that task be ever so difficult, by which alone it can be secured, is worse than cowardly—it is atrocious.

The shades of self-imposed present privation, needful in different states of society, to secure future well-being, or to ward off future destitution, may be represented by what is required of ships' crews variously provided in proportion to the number of days that must elapse before a port can be reached. The stock of provisions must be made to last out, whether the crew are to receive full or half allowance, or if no more than one biscuit a day could be afforded to each man. Who would palliate the ignominy of the captain who could entail starvation upon his crew, because of the difficulty of getting them to subsist upon one biscuit per man each day? And who can palliate his own ignominy, whether he be statesman or divine, teacher or learner, if he neglect to perform his portion of duty towards promoting habits of economy, because, forsooth, there are difficulties in the way?

What portion of duty is it that seems assigned to you towards promoting habits of economy? Does much severity of suffering seem likely to be visited upon you for any remissness on your part in the practice of economy? No? What is it, then, that stimulates you to fix your attention upon the subjects of such lessons as these? You feel a desire to inform yourselves of the kinds of conduct calculated to promote human well-being, of the kinds of habits calculated to lead to such conduct, and of the kinds of treatment in behalf of the young, calculated first to set up and then to strengthen those habits. In your exalted position immunity from want is all but secured to you, but those generous dispositions with which you are blessed and which you so wisely cultivate, make you anxious to inform and

improve yourselves, so that you may not be excluded, through incapacity or indifference, from the opportunity of contributing the aid of your influence and example in banishing more and more from society that extravagance which is capable, if allowed to act in alliance with idleness and ignorance, of preventing progress and well-being.

We may now venture to give expression, in a condensed form, to the result of our inquiries up to this point. Such an expression, full of meaning to you who have attentively followed the investigations that lead to it, must be nearly without meaning to all who have not pursued a similar course. The call for economy, however urgent it may appear to you as a means of well-being, is not self-suggestive to the young born in the midst of the elaborate and complex arrangements of modern society. They need the assistance of intelligent instructors to interpret aright the signs that meet their eyes at every turn. They behold a large stock of the necessities and comforts of life at hand to supply their wants, and which there can be no difficulty in showing to be the savings of the produce of past labour. Very little skill will suffice to unfold to them the conditions on which alone it is given to them, and to the community of which they form a part, to partake of this abundance, in the full security of equal abundance in the future.

They have to partake of the abundance prepared for them, not only as persons requiring an uninterrupted supply out of a stock accumulated from an intermittent source, and replenishable only out of an intermittent

source ; but which source, intermittent as it is, can only be made to yield its supply by labour also intermittent. The intermittent supply and the intermittent labour, on which the supply depends, can only be made to yield uninterrupted abundance by the economy which establishes and sustains a reservoir. Neither can the supply be represented as regularly intermittent. It intermits at uncertain as well as certain intervals. The corn harvest recurs regularly once a year. Good and bad harvests recur irregularly. Few people get through life without being more or less disabled by illness or accident ; but the extent to which such visitations afflict different individuals varies greatly. But for the intervention of economy, two kinds of danger await mankind, one of certain and regular recurrence, the other of probable and irregular recurrence ; both, however, preventible by economy.

Let us once have a generation of adults deeply impressed with these truths, and no less deeply impressed with a sense of the duty which they owe to the young in so cultivating their tastes and habits as to make reasonable provision for future want an essential element in present enjoyment ; and what an improvement will have been wrought in the state of society by that single achievement !

CHAPTER V.

Various ways in which men work for the purpose of supplying their wants—The direct and indirect—The latter alone capable of producing abundance—Division of labour; and the qualities requisite in men to enable them to extract from it all its advantages—Sagacity, vigilance, circumspection, prudence—Exchange a necessary appendage to division of labour—Other qualities in requisition—Expedients for facilitating exchange—Invention, contrivance, arrangement—Co-operation, direct and indirect—Punctuality, order—Zeal in the performance of duty—Honesty—Sobriety—Duty of the Educator in regard to all these qualities—Essentials in religious education.

SITUATED as we are in England in the middle of the nineteenth century, ample evidence is offered to us on all sides of what the industry, knowledge, skill, and economy of the past have secured to us; and how these same qualities, in daily exercise, are turning the fruits of past conduct to account, and providing for our own future wants and for those of succeeding generations. Our joy at what we behold is tinged with a sorrow at also beholding the extent of misery entailed upon us by the deficiency of these same qualities in the past; and in reflecting upon the misery in store for many who are to come after us and upon the aggravation of our own inheritance, through the continued deficiency of these qualities among ourselves. Our sorrow, again, is mitigated by the assurance that relief is within our reach, if we will but use the educational means at our disposal.

But does not our survey of what is going on around

us tell us that we have yet much to learn and to investigate? How are the men possessed of the qualities that we have characterized as good doing their work? Are they acting independently of one another, or in combination? What is all this bustle and going to and fro?—this bargaining and dealing, this buying and selling?—this paying and receiving?—this hiring and letting?—this borrowing and lending?—is it order or chaos?—design or chance?—good or evil?—useful or mischievous?—does it promote or hinder abundance? There is what they call money passing from hand to hand. Some, it is said, do not receive as much of this money as they ought, and do not get for what they receive as much food and clothing as they ought. Some, on the other hand, are said to receive much more and to pay much less than they ought. Accordingly, amid much to admire and approve, we see much to deplore—wrangling, reproaching, and denouncing—envy and hatred, tears and reproaches.

You may be invited some day to arbitrate, to judge, to interfere between contending parties. You do not just now feel yourselves qualified to undertake such a duty. You would rather inquire beforehand and introduce harmony and system into your own thoughts. The distressed needlewoman, the half-starved peasant, the sickly factory girl, the broken-down miner and artisan appeal to you. You pity them. Why not assist them? You hesitate to interfere, lest with the best intentions you should make matters worse rather than better? You feel that something ought to be done, without knowing what that something is? You shudder at

joining the rash presumptuous crew who, knowing even less than you, can decide and dictate and vituperate, although quite incapable of explaining to themselves or to others what order prevails in the midst of the complicated movements of society, what imperfections or derangements there are to be corrected or what improvements to be introduced. You are resigned to suspend your judgments awhile, and are prepared to prosecute your inquiries in the same cautious and systematic manner in which we have conducted them thus far.

The intelligent labourer, we have agreed, needs to be skilful also. How is he to become skilful? By practice under skilful direction. Is the work going on in the world so arranged as to afford opportunities for this kind of practice? Go where you will, you can hardly avoid noticing the young, the inexperienced, and the unskilful, clustering around, waiting upon, observing, obeying, and practising under, the older, the more experienced, and the more skilful. Something still more striking than that is to be seen. While all men are in reality working for food, clothing, fuel, and shelter, they are striving to obtain these necessities of life in very different ways. The farmer applies himself to the tilling of the ground, the miller grinds corn, the baker makes bread, the blacksmith works in iron, the carpenter in wood, and the mason in stone. One spins wool, another flax, another cotton, and a fourth silk, and as many others weave the yarns of their spinning into cloth. One man devotes himself exclusively to collecting certain kinds of merchandise in large

quantities, and distributing them in smaller. One tends and drives horses, another steam-engines. One builds ships, another navigates them. Most of these have others working under them, among whom they subdivide and distribute the work to be done. We have particularized sufficiently. There are, doubtless, many more than a thousand different ways in which men work really for the same purpose—viz., to obtain a share in the general supply of the necessities and comforts of life.

Two methods of setting to work in order to obtain the necessities and comforts of life have presented themselves to mankind for their selection. One in which each man should produce exclusively for himself; the other in which, obtaining from others a part of what he wants, he yields to them a part of what he produces. History tells us that, with the progress of civilization, mankind have more and more adopted the latter way. By which of these two methods do you think labour can be made to yield the greater abundance? By the latter. Why? Because continuous application to one kind of work gives more opportunity for practice, not to mention the loss of time consequent upon the necessity of shifting from one employment to another. It happens, besides, that the hand which does some kinds of work, becomes disqualified for work of a more delicate kind. This latter method goes by the name of "division of labour."

By adopting division of labour, men evidently have the opportunity of acquiring more skill, and through that and the saving of time, of producing the objects of

desire in much greater abundance, and of far superior quality. Does it occur to you that there are any other advantages attached to this division of labour? Many things may be produced under this system, from which man would otherwise be shut out. But for the division of labour, how could the inhabitants of Northumberland and South Wales obtain their large supplies of food and clothing? and the inhabitants of London their gas and water? How could the people of England procure tea and coffee, cotton and rice? If the building of ships could be accomplished without division of labour, it would be impossible to navigate them; and hence there would be no use in building them. Looking at the results of division of labour as in operation at the present time, nobody of sane mind would suggest its abandonment.

You have noticed nothing but the advantages of division of labour. Are there no disadvantages, no dangers, attached to it? Every man, we agree, wants a supply of the necessities and comforts of life. One makes watches, another needles, another bricks, another glass; one makes himself skilful as a physician or surgeon, another as a turner, or painter, or engineer. May it not happen to any one of these individuals that nobody will supply him with the things which he wishes in exchange for what he has made, or for the services which he proffers? This certainly might happen. But is it likely to happen; or cannot precautions be taken against such an occurrence?

There is a choice presented to mankind between two modes of obtaining what they wish to consume and

enjoy. One which may be called the direct mode, and which only prevails among savages, where each man applies himself to produce what he wishes to consume; the other, which may be called the indirect mode, and which is generally adopted among civilized nations, where each man produces what others want, in order to obtain from them in exchange what he wants. The first may be compared to a tool which is unequal to the work required from it, and has been, on that account, thrown aside; the second is a tool of great capabilities, as already established, and ever developing in use others still greater. But the first is certain in its operations, while the second is uncertain. The certainty of the first, however, is that it will produce little or nothing; whereas the uncertainty of the second is that it may fail of its purpose if handled by injudicious people, as far as they are concerned, although it yields abundance to others. By the last method alone can men collectively obtain an abundant supply of all kinds of things, and of the best quality, subject, it seems, to the risk, in the case of some individuals, that they will be unable to obtain any of the things which they want. Are there no means by which individuals may guard against such a calamity? They must be careful to produce things, or to acquire the capacity of rendering services, which will be acceptable to others. They must also take heed of what others are doing, lest many more than are required besides themselves should be producing the same kind of things, while other things which many long for participation in, and which they would be glad of, are neglected.

It appears, then, that in adopting "division of labour" as their mode of producing, those who would benefit by it must not only possess knowledge and skill, but other qualities in addition. They must possess the capacity of anticipating what others will want, and that may be termed sagacity. They must possess watchfulness to discover the signs of the changes likely to occur in the direction of those wants—or vigilance; and caution in taking note of what others are doing towards supplying wants, and in so shaping their own course as to meet changes past and prospective; and that may be termed circumspection or prudence. These qualities are, in reality, so many forms of knowledge and skill in combination, and can only be acquired by observation and practice. Shall we call them good qualities? Yes; for they are indispensable to a safe adoption of division of labour, without which a supply of the necessities and comforts of life abundant in quantity and excellent in quality, would be unattainable.

There is another evil consequence which has often been attributed to the adoption of division of labour, especially as carried out in some of the minuter subdivisions of modern times. It is alleged that persons cannot without detriment be exclusively employed, from childhood upwards, in the unbroken, unvaried routine of one description of labour. Their intellects must become cramped, their capacities remain undeveloped, and deformities and diseases be induced. These dangers are not to be treated as imaginary. They are real, and to be guarded against. And if they can be guarded against, their existence must be charged not to division

of labour, but to apathy or negligence in some quarters where it ought not to be. Let our estimate of the magnitude of these evils be ever so gloomy, they must, nevertheless, fall short of the advantages which we derive from division of labour. And where the qualities required to make a right use of its resources flourish as they ought, the blessing resulting from division of labour may be enjoyed by all, and misery therefrom be inflicted upon nobody. Every contrivance, whether for comfort or increased production, that man's knowledge places at his disposal, has conditions attached to it which he must observe or suffer. Division of labour is one of these contrivances. If men will not observe the conditions attached to its use, and suffer in consequence, should we attribute their suffering to the adoption of division of labour, or to neglect of the conditions attached to its use? If the roof of a house, permitted to go to decay, were to fall upon the inmates, should we attribute the calamity to the custom of living in houses, or to neglect of the conditions on which alone shelter and safety can be enjoyed together?

Exchange is a necessary appendage of division of labour. For no man would apply himself to the production of what he expected others would desire to have, unless confident of procuring from them what he wanted in exchange. In watching the process of exchange as it is generally conducted, we observe numerous expedients in use—among others, those for estimating quantities. He who asks for linen, woollen or cotton cloth, or carpeting, makes known the extent of his demand in yards and quarters. He who asks

for milk, beer, wine, vinegar, and oil, names gallons, quarts and pints for the same purpose. If what he asks for be corn or seed, the same gallon and its multiples, the bushel and quarter, serve to designate quantities for him. Should he ask for bread or meat, sugar, coffee or tea, butter or cheese, coals or metal, the pound avoirdupois, its fraction, the ounce, and its multiples, the hundredweight and ton, are used to convey a notion of the quantity he would have. He may wish to engage the services of another; and the year, or the day with its fraction, the hour, or its multiples, the week and the month, assist him in agreeing as to the length of the service which he is prepared to purchase. There is yet another expedient mixed up with all these. They who set forth in search of one or more of the many articles in daily use know what they want; but they do not know that the parties ready to dispose of those articles are also prepared to accept in exchange what they have been employed in producing. An expedient is in use for obviating an inconvenience which would otherwise be of daily and hourly occurrence. This expedient is money—a something which everybody is willing to receive in exchange, in quantities to be agreed upon, for the various products of labour, and for services tendered. Its use is universal among civilized people. The purpose of its employment is designated when it is described as a medium of exchange. The money in use in this country is the pound sterling, and its fractional parts, the shilling and the penny.

You will be curious to inquire more minutely into

our systems of weights and measures and of money, and into those of other countries. This must be reserved for future occasions. But we can ask ourselves now—Do these expedients seem to serve any useful purpose? and what? They enable people more readily to satisfy their wants, by having prepared beforehand the means of estimating and fixing quantities, and of obtaining and offering in exchange that which gives its possessor a power of selecting, from among all things offered in exchange, what he prefers, and in the quantity most agreeable to him, within the limits of his own resources. They also enable people to make their exchanges easily and quickly, and thus to have more time at their disposal for other purposes, whether of production, of improvement, or of recreation. Is it possible, think you, that a barbarous people could either invent such expedients, or turn them to the best account, if invented for them by others? No. The people who could invent and properly use these expedients for facilitating interchange, and others that yet remain to be mentioned, must have attained to considerable proficiency in inventing, contriving, and arranging. Among other qualities, or developments of knowledge and skill, they must have acquired invention, contrivance, and arrangement.

Much useful reflection is induced by watching the labours of different individuals, and endeavouring to accompany, in thought, the various products of their industry to their destination. Let us, for example, ask ourselves what certain miners are doing in Northumberland, Staffordshire, and Wales. They are digging

coals. But are they not doing a part of some much greater works? Since they supply the smelters of iron with the coals which they use, are they not assisting to cultivate the farms, seeing that the smelters assist in making ploughs and other agricultural implements? Are they not assisting to import tea, sugar, and other products, seeing that they assist in making anchors and chains and other tackle for ships, without which these products could not reach our shores? Are they not assisting to convey water and gas to our houses? Are they not assisting to carry our letters and merchandise along the rail, and our messages along the wire? Are they not indirectly participating in the shearing of sheep, the combing of wool, the spinning of yarn, the weaving of cloth, the fitting of clothes, and in every industrial operation? Are not, then, division of labour, and that which must come after it, interchange, or the practice of buying and selling through the medium of money, parts of one wide network of co-operation by means of which the necessities and comforts of life are produced most abundantly, and distributed most rapidly and conveniently for the general well-being of society?

This co-operation, which seems a necessary consequence of division of labour and interchange, may be termed indirect, if only to distinguish it from another—a more direct form of co-operation specially designed or organized to accomplish certain objects. Direct co-operation is visible on all sides, but it is not universal; while indirect co-operation, although not so obvious to the uninstructed eye, is universal. In the cultivation of a

farm, the building of a house or a ship, and the management of a shop, we see instances of co-operation where a few individuals work together under one head. In the construction and management of a railway or dock, in the erection of a bridge, in the establishment of gas and water-works, or of an electric telegraph, and in the organization of steam communication between distant parts of the world, we see instances of direct co-operation, where many individuals unite together, distribute the work to be done under many chiefs, each to be obeyed in his department, and all to be in harmony with some pre-appointed plan, considered and fixed by the authority of the co-operating parties. Why do people engage in such undertakings? Because they can do things otherwise impossible, and things otherwise possible more readily.

Let us have an example in detail, to place graphically before us an achievement of direct and indirect co-operation in combination—that of the Peninsular and Oriental Steam Packet Company, who conduct the transit by the overland route between England and India and China. They have establishments at London, Southampton, Alexandria, Suez, Aden, Bombay, Ceylon, Calcutta, and Hong Kong, and other places in China. In each of these places there must be a chief, with subordinates, and also in each of their steamers; all these chiefs of departments being themselves subject to the control of the central board in London. The days of departure from all their ports are predetermined; and accordingly the days of arrival are calculated, and accidental detentions provided for. Passengers and

merchandise congregate at the appointed times. The regularity with which all the proceedings are conducted, the concentration of effort to make good defects, repair damages, and make up for lost time, and, finally, the precision attained, are unmistakeable evidence of what can be accomplished by the united working of direct and indirect co-operation. But what kind of men must those be who take part efficiently in this extensive undertaking? Must they not be punctual, orderly, and desirous of performing the work assigned to them, and of showing themselves equal to every emergency?

Shall we, then, add punctuality, order, and zeal in the performance of duty, to our list of good qualities?

In taking a general survey of all the proceedings that grow out of division of labour, of interchange, and of co-operation, both direct and indirect, there is yet another quality still more indispensable, if success is to attend the efforts of the men who take part in them. You remember that it has been found convenient to adopt one general name—labour—for all industrial efforts. We have another general name to indicate what takes place when men buy and sell their services or what they have produced, hire or let houses, borrow or lend, trust or take charge of the products of industry. We say that men contract or engage with one another—that they make contracts or engagements. When men make these engagements, do they expect that they will be performed? Yes? Are you sure of that? They would not make them if they did not expect them to be kept. Then if men had so little confidence in one another that they could not rely upon the fulfilment of

their respective engagements, what would happen? Would any engagements be made? Would a man let his house to a tenant who, he thought, would not pay the stipulated rent? or sell his services to one who would not pay for them? or trust what belonged to him to the carrier who, he suspected, would make away with it? What kind of men must those be who are to inspire confidence in others? They must have established a character for fidelity in the performance of their engagements. When people act so as to establish such a character what do we call them? Trustworthy or honest; and we say they possess the quality of honesty. In which of our columns shall we place honesty? In the column of the good? Why? Because it conduces to human well-being? How does it do that? By enabling men to make engagements with one another; which if they could not do, division of labour and co-operation would not exist, skill would be undeveloped for want of practice, many of the products of industry now familiar to us would be unknown, the quantity of others would be very small, the supply uncertain, and the quality most miserable. Trustworthiness or honesty being absent, men would not cluster together into civilized communities—they could be nothing better than tribes of scattered savages.

If there should happen to be a habit under the dominion of which no good quality can flourish, in which of our columns ought we to place it? In the bad. Can there be such a habit? Have you ever heard of a state of being in which men are bereft of all power of self-control? of a propensity under the influence of

which they are led to commit the vilest and most ferocious acts, and become the most disgusting objects? and a long course of indulgence in which destroys health, and damages every useful faculty previously possessed by its victims? The name of that habit is drunkenness, and under that name it must go into the "bad" column. Its opposite, or abstinence from all excess of drink which might even approach to drunkenness, is called sobriety. One feels that among a civilized people drunkenness ought to be unknown. They would not think of placing sobriety among good qualities any more than they would put abstinence from self-torture or mutilation; self-mutilation and drunkenness being alike too irrational to be noticed by them. Meanwhile, we are, unfortunately, obliged to place sobriety in our "good" column, on account of the notoriously great prevalence of its odious opposite, drunkenness, among us.

We may as well bring together the qualities which we have just agreed to include in the "good" column. These are sagacity, vigilance, circumspection, prudence, invention, contrivance, arrangement, punctuality, order, zeal in the performance of duty, and, lastly, the most important of all—honesty and sobriety. Is any portion of the destitution and misery observable in society owing to a deficiency in these qualities? Are there people who use false weights and measures, and make a dishonest use of good weights? who make false accounts? who make engagements which they know they cannot fulfil, or refuse to fulfil when they can? who sell services which they cannot or will not perform?

who are bad tenants, bad landlords, bad carriers, bad customers? who are habitual drunkards, and, therefore, bad in every relation of life? Painful as the admission is, we cannot deny that society is afflicted by the presence of many such in its ranks. If we could banish them—still better, if we could reform them—should we not conduce to that abundance of the necessities and comforts of life so indispensable to well-being? Should we not, besides, greatly promote that satisfaction among the good which is in some measure dependent upon the conduct of their fellow-creatures, and of their neighbours in particular?

If we were to commence our efforts for the improvement of society upon those who had grown up in bad habits, do you think we should have to rejoice in success? No; because experience seems to assure us of the all but hopelessness of attempting to change habits deeply rooted in adults, and thereby to warn us of the sin of neglecting to take the proper steps for preventing their germination and subsequent ripening in childhood and youth. But does experience give us more hope of success if, instead of expecting to reform bad habits which we have suffered to establish themselves, we take pains to pre-occupy their place by good ones? If the qualities which we have characterized as good, because they are indispensable to the well-being of society, cannot be substituted in adults for the bad ones by which they are governed, and also cannot be made to bud and blossom in childhood and youth, all thought, all care for the improvement of our race and the diminution of human misery, would be

vain. We need not be dispirited by such unfounded doubts and fears for the success of well-directed educational efforts in behalf of the young. These fears and doubts, if admissible at all, should be directed to the possibility of awakening the otherwise not ill-disposed adults among us to a sense of the iniquity of abandoning the young to be enslaved by bad habits; and to the possibility of removing that film from their eyes which prevents them from seeing how much of what they sanction under the name of education is a mere delusion, as regards the formation of good habits; some of it a direct, though unintentional, encouragement of bad habits.

To single out the most important of the qualities shown to be indispensable to the perfect development of the resources of division of labour and co-operation, we want truthfulness, trustworthiness, honesty. Do they flourish under all circumstances? Do children sometimes lie and prevaricate—and why? Are they sometimes tempted to leave duties unperformed, and to conceal their guilt—and how? Is there any mode of treatment which can remove from them all inclination to say what they know to be false, and to fortify them against the temptation of leaving unperformed what they have promised? Among children, as among savages, is the appetite for immediate indulgence difficult of control, and regard for remote consequences little felt? Is the tendency to imitate others and fall in with their habits and manners also a marked feature in childhood? Is this propensity easily turned to good account by intelligent and skilful mothers, and other

guardians of infancy? Do the regularly recurring hours for meals, and for domestic preparations of all kinds, and the witnessing the performance of set work by those around them in a well-conducted family, induce good habits? Do the order and discipline in a well-conducted school strengthen the good habits, and modify and correct the bad habits, of the children who enter it for the first time? Do the never-ceasing influences of this order and discipline assist the good habits to "grow with the growth and strengthen with the strength"? And when, as the understanding expands under the instruction also received there, the thought is seized—the conviction is formed—that trustworthiness must be associated with all the other good qualities, to constitute the good and estimable man, may not the love of truth, the sense of duty, become a passion capable of regulating all the mere animal passions, and of imparting a relish to their indulgence in accordance with what is due to a consideration of future consequences, and of the claims of others?

We have just made large additions to our lists of good and bad qualities. We have made some progress in specifying the kinds of conduct which ought to be classed as good and bad respectively. Would you like further to test the importance of the knowledge thus arranged ready for use, by applying it to the state of society as we observe it at the present time? Do you feel satisfied that most of the industrial processes as now practised would be impossible, if men were not as well possessed as they are of the good qualities which we have enumerated? Are you equally satisfied that

the reason why similar works were not accomplished in times past is that our forefathers were not in possession of all these qualities in equal perfection? Have you, then, evidence to account for the higher state of well-being enjoyable and enjoyed now, than at former periods? But you cannot be brought to admit that the community to which we belong are, as a whole, doing as well or enjoying as much as they might, if more universally possessed of the good qualities? The grounds on which you decline concurring in such an admission are contained in the records of the police-offices and courts of law, and in the columns of the daily papers.

You must be aware, however, that there are persons who attribute much of the bad conduct which you notice in the daily papers to the infirmity or depravity of human nature. You would like to ask some of the parties who can acquiesce in this depressing view of human nature, whether they feel quite certain that education, as hitherto conducted, has attained perfection? Whether it might not be made more effective in preventing bad conduct? May not some grave defects have been unheeded, and some fatal omissions have been overlooked? And may not the educators placed over the young have been blind to errors of judgment in their methods of training, and want of skill in their practice?

As every precaution ought to be taken to avoid coming to a wrong decision upon the difficulty presented to us, let us approach it in another form. Great blessings or terrible afflictions await mankind, according as

they conduct themselves. What this conduct ought to be, we have already settled in some particulars. How is the approved conduct to be induced? What limit does the infirmity or depravity of human nature oppose to the attempt of inducing good conduct in the young? Having achieved some success, is the further success desirable unachieved because impossible, or because educators have wanted, and still want, skill in using the opportunities available for their purpose?

“What ought we to do?” is a question never to be trifled with, whatever may be the emergency which suggests it. But it is a moral and religious question of the highest order, when the probable effect of our present proceedings upon the future habits and conduct of the young is the subject for consideration. Much of your interest in learning to discriminate between good and bad would be lost, if there were no hopes of following up this knowledge by learning how good conduct is to be induced. Is there not reason to suspect that one of the causes of failure in educational attempts to induce good conduct has been an over-reliance upon the efficacy of exhortations, denunciations, and prohibitions, in persuading the young to conform to laws and orders, and to refrain from acts forbidden? Might not religious conduct be more safely reckoned upon, if the foundation purposely prepared whereon to base religion were, first, good habits, early formed by discipline and example, and, second, a style of instruction through which the kind of conduct already become secondarily automatic by habit should be seen to recommend itself as most conducive to happiness, and most conformable

to the laws and wishes of society? Would not the religious teacher be thus greatly assisted in his vocation, which is to enforce this very conduct as the most acceptable homage to the Divinity?

We have not left sobriety out of our column of good qualities. Let us bestow a few thoughts upon its opposite—drunkenness. Is not the confessedly too wide prevalence of this vice deplored by all well-wishers of their species? Is it not preached against, associated against, legislated against? How is it that it maintains itself with such terrible obstinacy among us? Who are the drunken? They are too numerous, it is true; but they are few in number compared with the sober. How do they compare with the sober in other respects? As a rule, are they less industrious, less intelligent, less skilful, less saving, less orderly, less clean, less well provided in their homes, and less well-conducted in their domestic relations? They are. Again: is drunkenness a vice of childhood, or only the growth of later years? Does it grow upon those who are cultivating, or upon those who are neglecting, other good habits? upon those who have improving pursuits which occupy their thoughts, and a sense of duty which gives a religious tone to daily conduct, or the reverse? The answers to these questions lead irresistibly to the conclusion that the slaves of drink became so because they had been first made victims to parental neglect. And, if we would diminish drunkenness in the future, we must rest our hopes upon that teaching and training of the child, which can alone shield him against this vice of maturer years, and incline him to listen to and profit by

religious instructors whose ministrations, as respects adults, are more efficacious in confirming good, than in weaning from bad tendencies.

Having arrived at the conclusion that a prevalence of the qualities so far included in our "good" column is indispensable to well-being; having also decided that our hopes of materially diminishing destitution rest upon our success in warding off those qualities which we have included in our "bad" column; and having acknowledged how difficult—how all but impossible—it is to make any sensible impression, towards substituting one set of qualities for another, upon adults whose opinions and habits have taken strong hold of them, where can we look for encouragement in our efforts to improve the lot of our fellow-creatures, if not to the education of the young? Ought we not to feel specially called to attend to their education at the earlier period, when, it being beyond their capacity to discipline their own habits, that service must either be performed for them, or not at all?


Entering upon this educational work, or preparing, as you doubtless are, to urge it forward, shall we take fright at the difficulty intruded upon us under the form of the perversity, or intractability, or infirmity, or depravity, of our common nature? As we examine it, does it appear a lion in our path, or another animal disguised in a lion's skin? But if on visiting our schools, interrogating the teachers in them, and studying the reports of inspectors, you were to find little or no attention paid to the course of instruction which we are pursuing together, and little or no thought of forming

habits in the child to predispose the man to act upon the instruction acquired, what would you say concerning the future progress of your kind? That it was prevented by any obduracy in the material to be worked? or by the incompetency of the workmen?

It would ill become us to pretend to sum up all the essentials of a religious education; but we may affirm that, whatever else ought to be included under the head of religious teaching and training, this must not be excluded:—Instruction in the duties of life, and training in habits that will predispose to their performance, and incline to the further self-discipline, without which no young person can expect to grow up into a thoroughly good man. No dealing with the young, which fails to perform, or, at all events, to aim at performing thus much, must be allowed to pass itself off either under the name of education or of religion, however sedulously the operations of cramming, scolding, preaching, and prize-distributing may be performed, or whatever the amount of self-laudation that may be interchanged among its promoters. You, at least, will find it impossible to accept a shadow of education, or what is worse a counterfeit, having made yourselves acquainted with the substance or genuine article.

At your period of life, happily conscious, as you must be, of the good habits already strong within you through the judicious attentions of others, and also capable of understanding and appreciating the influence of habits and conduct upon individual and general well-being, you are preparing to take up and complete the work

of your own education—to enter upon self-education, the complement of what has been done for you by others. Temptations assail you every day and invite you to defer work, to neglect order, to disregard engagements, to conceal omissions, to deny commissions. Your good habits aid you to resist these temptations. Your intelligence tells you how indispensable it is for the well-being of yourselves and of society that temptations should be successfully resisted; and that, for such is the nature of man, each act of yielding prepares for future yielding, till character becomes thoroughly depraved, while each successful resistance facilitates further resistance till temptation itself almost ceases. But when, as I perceive in you, aspiration rises still higher, and the consciousness of the great advantages which you have enjoyed stimulates you to prepare yourselves for aiding those who would place similar advantages within the reach of all, it is impossible to overrate the good of which your influence and example will be the source. Delightful anticipations will enliven the years of your youth and activity, and the thoughts of works well done will console and charm the seasons of suffering and of old age.



CHAPTER VI.

Participation in wealth or the produce of industry needed by all—Some men do not possess a share of it—Various ways in which they strive to participate in a share—Not all good—Some men steal, some beg, some bargain—Fraud and violence not to be tolerated—Consequences of a feeling of insecurity, and of security—Necessity of protection—Government—Institution of property—Indifferent governments better than no government at all, or imperfect protection better than no protection—Public opinion—Feelings of respect for property—How to be cultivated—Not instinctive—Duty of religious teachers more extensive than often supposed.

WE have been already so largely rewarded for adopting our cautious and systematic method of investigation, that we should indeed be foolish if we were to depart from it. We have gained a considerable insight into the kind of qualities, of character and conduct, that must generally prevail in order to secure a state of well-being. Are there any other qualities yet to be added to those which we have agreed upon? Do no others occur to you? and nevertheless do you think it would be unsafe to affirm that there are no others?

We will make another excursion into the busy world. It was by observing and reflecting upon what is going on there that we have been able to classify qualities thus far. To shorten and simplify our work, we ought not to neglect any improvement in language that lies in our way. The immense store of the products of industry accumulated around us has more

than once come under our notice ; and as a monosyllabic name, where we have it, is better than a circumlocution, we may as well use one that is offered to us here. The name "wealth" has been appropriated to signify "all those objects of desire which can only be obtained where they are wanted and in the requisite quantity by the intervention of labour." More familiarly, but not quite so accurately, "wealth" is stated to be "the produce of labour." Now, a participation in this wealth is indispensable to existence. Do all people possess a share of this wealth? No? How, then, do those who possess none obtain that participation which they need? In various ways. Children, for instance, obtain it as a gift from their parents. Some gain possession of what they consume by fraud or violence—they steal. Some prevail upon the possessors of wealth to part with a portion of their possessions, by offering them service or something else in exchange, or by appealing to their compassion, their affection, their charity.

Are all these ways of obtaining participation in wealth equally good—are they all permitted? You are surprised that I can ask such questions? You ask, in your turn, have we not the commandment "Thou shalt not steal?"—and are not all men bound to obey it? Nobody here, at all events, will question our obligation in this respect. Unfortunately, even in our own favoured country, there are many who not only acknowledge no duty of obedience, and pay no obedience, to this commandment, but who actually have never heard of it. And in many parts of the world, under our Queen's rule, the authority whence this command-

ment emanates is repudiated, although the commandment itself is partially obeyed.

In conformity with the plan chalked out for ourselves in these lessons, we neither reject nor accept conclusions previous to investigation. We observe, we inquire, we reflect, and then, if possible, we conclude. It has been our delight, as we have proceeded, to find that our conclusions harmonize with the truths of religion as interpreted by the highest authorities. With reluctance we have been constrained also to admit that our own conclusions, strengthened as they are by religious sanctions, are so little acted up to by many who receive them with their ears and acknowledge them with their lips, that their conduct might lead us to suppose that our common religion was unknown to them. Remark, besides, the effect upon ourselves of a determined and scrupulous investigation into the kinds of conduct that promote, and the kinds that disturb well-being, considered apart from the teachings of religion, and the subsequent comparison of our convictions from both sources. When we find them confirming one another, does that diminish or increase our reverence for religious truth? Does it vivify or deaden our convictions that religious obligations, as they have been taught to us, are founded in love for man and in a wish for his improvement? Does it add to our capacity of self-discipline, and arm us with new resources for reaching the understandings and affections of those who dissent from our religion, or know nothing of it but its name?

From what we know of ourselves and of the society

to which we belong, we *feel* that we ought not, whether by fraud or by violence, to dispossess others of what they have earned or received from others; and we see that those who are disposed to act in this manner are checked, and, as far as possible, prevented, by what we call the powers of law. Ought we to feel so?—and ought the law to interfere so? These are the questions which we will now apply ourselves to answer; and we will begin with the second. We must try and depict to ourselves what would be the state of society if the police and other functionaries for preserving the peace were to be disbanded. Would thieves and ruffians sally forth from their haunts and plunder the earnings and possessions of others? They would? There are thieves and ruffians among us now, in spite of the terrors of law suspended over their heads, and in spite of the means prepared for thwarting and resisting them. Would their numbers be increased or diminished by sufferance and impunity? Increased? In the first instance, increased; in the end, perhaps diminished. Upon whom would their depredations first fall?—upon the industrious and economical?—or upon the idle and wasteful? Upon the former, of course, because their possessions would be the larger. Thus we have thieves on the one hand and possessors of wealth on the other; two sets of consumers, one who have not produced and will not produce, and another who have produced and are busy producing more. One party is in danger of starving. The thieves being superior in a certain kind of strength and expertness are determined not to starve; and they help themselves out of the stores of the

producers, leaving to them the risk of starvation, or the present self-denial and privation by which they may hope to avert it. Thoroughly industrious and saving men who are, by an occasional act of burglary or by some unlooked-for calamity, stripped of the larger part of their possessions, set themselves energetically to work to repair their loss by earning or producing more. Would they not do the same, if stripped by ruffians allowed to be at large unchecked? No? Why not? Because an industrious and saving man, who may hope to repair losses to which he is occasionally or accidentally exposed, must be deprived of all hope of preserving what he should attempt to earn and save, if unprotected against a superior force ever ready to pounce upon him. Would the economically disposed, then, cease to save? Would the industriously disposed cease to earn for supplying remote as well as immediate wants? Would the good qualities which we have agreed ought to prevail, be increased or decreased by this want of exercise? Would the store of wealth be augmented or maintained or diminished? Might triumphant ruffianism so swell its ranks as to crush all the good qualities in society, consume and waste the stores from past good qualities, and finally, by preying upon itself, actually diminish the number of thieves as well as of well-conducted men?

May we not say that a feeling of security—that a confidence in being allowed to possess and enjoy the products of labour and saving is indispensable for the growth and luxuriance of the many qualities which we have classified among the good? May we not say that

these qualities would disappear, and with them the wealth of which they are the producers, if a feeling of insecurity were once to fasten itself upon society? It is no exaggeration to affirm that if this feeling of security of possession were by some series of calamities to be destroyed in a community such as ours, its rapid retrogradation to barbarism would be inevitable.

Long experience, through many ages and under most varied circumstances, has made mankind deeply sensible of this truth. The magnitude of the evil to be averted has whetted their ingenuity to organize the means of providing some security against it. The means, varying as they do in the form given to them in different countries, have one object in common,—that is, to protect the well-disposed, or those in whom the good qualities preponderate, in the possession and enjoyment of what they have earned and saved,—to protect them against the assaults of their ill-disposed countrymen, and of enemies from without. A general name, “government,” has been appropriated to the entire organization through which it is attempted to provide the needful security. The powers of government must be directed according to some rules or laws. Two claimants might contend for the possession of one portion of wealth. Which of the two would have to be protected in the possession of it? which to be prevented from meddling with it? What is to entitle a man to hold in security the wealth of which he is possessed, or of which another withholds possession? and what shall lead to his being required to surrender possession to another? Most of these cases are settled beyond dispute

by the laws of the country, and others are investigated and decided in the courts of law. The titles to the possession of wealth, fixed by the laws and determined by the courts of law, constitute what are commonly called the "rights of property." The rights held under the law imply a corresponding obligation to respect those rights. The declaration of the rights of property, courts of law to determine disputed rights, and the power of enforcing the obligation to respect those rights, together make up the "institution of property."

To revert to the feeling of security which we have agreed ought to prevail, we may examine whether any reliance can be placed on the assertion confidently hazarded in some quarters, that the well-disposed may be left to defend themselves. But we shall not be long in discovering how much better the work can be done by the establishment of a government, supposing even that the work could be done at all without some such establishment. The well-disposed may be weaker, more timid, less crafty, than the ill-disposed who would prey upon them. Besides, under that great scheme of division of labour to which men have lent themselves as a means of acquiring skill, and producing abundance and variety of commodities, the well-disposed are dispersed in all directions, and absorbed in their respective vocations. Whereas the ill-disposed, comparatively small as their number may be, making depredation their special business, might unite and concentrate so as to overmatch any individual or local force that could be opposed to them. Resistance to an invading army would be impossible by any number of individuals

suddenly drawn from their ordinary employments. It would appear, therefore, but an application and extension of division of labour, that society should tell off from its ranks a sufficient number to devote themselves to the special work of preventing and suppressing all attempts to disturb the general peace and security. In this manner a force is provided for the protection of society, trained and disciplined to detect, circumvent, and resist ruffianism, under whatever garb and in whatever force it may present itself.

The feeling of security which it is the chief purpose of government to maintain, may be examined from another point of view. Let us follow the train of thought of any intelligent individual working in our wide scheme of division of labour. He works at one thing—say steel pens. He wants a supply of the necessities and comforts of life for himself and family. He must accommodate his wants to his means. The means that he can prudently appropriate are to hand in the shape of money. He will spend this money on the objects accessible to him in the order of their importance. What shall he buy? Plain food, plain clothing, adequate shelter, necessary fuel, schooling for his children. What next, for his money is not quite exhausted? A few prints and pictures, books, or dainties for his table, or ornaments for the house and person? Let us suppose him to be discussing with his family the comparative charms of these luxuries, and while thus engaged to be alarmed by the cry of thieves, to witness even the distress of a neighbour whose house had been broken into and pillaged: would he not exclaim, and

would not all the members of his family join with him, "Oh, let us next have security, which, if it be the last of necessities, is certainly the first of luxuries?" Now government can supply this article more readily and more completely than he could possibly supply it for himself. He must purchase it of them. He might bake or brew at home. If a very handy man, he might dispense with carpenters, or plasterers, or locksmiths; but he could hardly do without the police and army.

The business of government is distributed among many departments, but the common object of them is to afford security, out of which, from the recollection of its past enjoyment, and a confidence in the means of maintaining it, is generated what is quite as important—a *feeling* of security. One business of government is to announce what acts are forbidden. It announces these in laws. Acts forbidden by law are crimes. When people are blessed with good laws, no acts are pronounced criminal which would not really be productive of mischief to society. There are, besides, many acts which we should characterize as bad, which are not pronounced to be criminal. The officers of government try to prevent the commission of crime, to detect it when committed, and to guard against a repetition of crime by the detected criminal, first by depriving him of his liberty, and secondly by aiming at his reformation. Among the acts pronounced criminal may be mentioned murder, violence against the person, burglary, theft, falsification of money, weights and measures, and forgery. Amongst the acts not pronounced criminal are those of indolence, waste, unpunctuality, incivility,

cowardice, gluttony, excess in drink, unkindness. By the common consent of all intelligent good men, acts indicative of these qualities are pronounced bad or immoral, but no power at the command of government can cope with such acts. The religious teacher characterizes them as sins, and the moral teacher as bad or immoral acts; and sins and immoral acts are but two names for the same class of acts, where religious and moral teachers understand the doctrines which it respectively behoves them to teach.

In the view which we have just taken of the action of government and its functionaries, we have assumed it to be in favour of what we have agreed to be the true, the good, the moral, the religious. It might happen—indeed, in past times, it often has happened—that government influence has been partly opposed to this. It has happened that much of the products of labour and saving has been abstracted by government functionaries from the possessors, and not applied to the providing of security; appropriated rather to bad purposes, or dissipated and wasted. Where these evils have been chargeable to government, they have nevertheless been more than counterbalanced by the benefits conferred in protecting society from the blighting influences of a feeling of insecurity,—an inevitable consequence of triumphant ruffianism. We can scarcely pass on from the subject of “protection of property,” without asking ourselves, upon what does the power of government rest? and upon what does the direction of its influence depend? In our country it is a common and a true saying, that the Queen’s power is based upon the

affections of her people. It may be affirmed of most of the governments of modern Europe, and of that of the United States, that their power is derived from the more influential portion of the people, and that the influence of government is, in the main, directed agreeably to the wishes of that portion of the people, or, to use the expression generally current, in accordance with public opinion.

Public opinion for the time being is adult opinion, and it is not always easy to obtain an accurate exponent of that opinion. But if public opinion be ill-directed, needing better instruction and purer aspirations in those who give it utterance, no sudden change is reasonably to be looked for. The action of this same adult opinion, under the form of government, in preventing crime, in maintaining security of possession, is principally directed against adults—against persons who have acquired criminal dispositions and propensities. The government pronounces by its laws that those who earn and save shall possess. It confers upon them a “right of property.” It also imposes upon others the obligation to respect that right. Through its courts of law, its magistrates and police, it can do much to make conduct conform to its injunctions. Other influences must be at work *to create the feeling and habit of respect of property.*

The utmost that we can expect from government in behalf of “security” is the repression of crime—some kind of interference to stay the execution of criminal projects originating in criminal dispositions. Where a large amount of criminal disposition exists, how is it to

be diminished? Are there any means at our disposal, both to make government work more easy, by diminishing the number of criminally disposed, and to preserve public opinion itself from taint? A criminal or immoral disposition in connection with property is a disregard of the rights of others. A moral disposition is a respect of the rights of others. How is the respect of the rights of property to be made more generally and more deeply felt throughout society, so as to establish government upon a wide and secure foundation, and to minimize the number of criminally disposed?

Here, again, we feel the benign influence of investigations like these, conducted in the spirit with which we hope we are animated, upon our own dispositions. We are forced back upon the early dawn of moral perceptions and moral and immoral habits. Do infants feel respect for property? Do they even understand what we mean by property? Do we ever talk of little thieves and ruffians in arms and cradles? When and why do they begin to be thieves? and can they be prevented from becoming thieves by being reared in a respect for property? If we apply to any tender intelligent mother for lights to guide our judgment in answering these questions, will she not tell us of her faith in the influence of her example, of her repeated and familiar explanations of the advantages of respecting what belongs to others, and of having one's own possessions respected? She will talk to us of the moral tone that she had laboured to establish in her household, and which shed its influence upon each little addition as it was made to the family circle. May I

not appeal to your own recollections of what has been done for you, and to your sense of the happy effect produced upon your feelings, and upon the yearnings for future improvement and right conduct of which you are conscious? May I not appeal to your observation of, and reflection upon, what is being done for your younger brothers and sisters, and in which you are co-operating so beneficially? When this feeling of respect for property, growing and strengthening almost imperceptibly during infancy and childhood, is fortified in advancing years by the perception of the extent to which the well-being of society depends upon the feeling of security, little fear need be entertained lest those reared under such happy influences, and instructed so judiciously, should fail to impart strength and soundness to public opinion, and to preserve society from the mortification of witnessing in their persons any accession to the number of the criminally disposed.

Our police, insolvency, bankruptcy and criminal courts, as well as the experience of most men who have taken a very active part in the business of life, prove incontestably how much yet remains to be done towards establishing more widely a feeling of respect for property. Too many parents neglect, or rather never think of, the duties and watchful solicitude which charm for the time the existence of a good and wise mother, and sow the seeds of a harvest to reward her decline of life. We have reason to more than fear, we have evidence to horrify us with the certain knowledge, not only that many parents are utterly incompetent to perform efficiently these fundamental educational duties

to their children, but that in too many of our schools there is scarcely the aim or pretence of supplying, as far as possible, the home deficiency. You were interested in the account of a lesson on economy that I once gave to a class of children of very poor parents. If you will allow me, I will give you the heads of a lesson in which I endeavoured to impress upon the boys employed in one of our large industrial establishments, the importance of cherishing and strengthening in themselves a reverential respect for property, and how they must set about it.

After some preliminary questions upon the nature of their employment, and upon the advantages which the company served by them might expect to derive from their services, I asked whether any confidence was placed in them, and whether they would be dismissed from their situations if discovered in making away with any of the company's property, and why? Having received satisfactory answers to these questions, I proceeded: "After witnessing your orderly conduct, and listening to the proofs of intelligence which you have just given, I should find it difficult to suppose that any of you could be so unmindful of the trust reposed in you, and so wanting in self-respect, as to appropriate to yourselves what it is your duty to guard for your employers; but, I may ask, have you daily opportunities of committing petty thefts?" "Yes." What are those opportunities said to be to persons of weak and unsteady character? They are temptations. When temptations are placed in our way, what ought we to do? We ought to resist

them. Do persons of confirmed good character, who thoroughly understand the principles on which they act, resist? Yes; they resist. Are the opportunities of committing theft temptations even to people of such character? No; for they would as soon think of putting their hands into the fire, or of plunging them into filth, as of damaging or soiling them with theft. But to weak persons? They are temptations. Now, as it is upon weak persons—upon persons infirm of purpose, and who, perhaps, have never been led to form settled convictions upon the principles which ought to guide their conduct—that I would fix your attention, let me ask, if there should happen to be a weak lad among you—weak only, but not badly inclined—what might he do under such a temptation? He might yield, or he might resist. Let us suppose him to be about to yield: what would his first thought be? To look around, to see whether he is observed by anybody. And if he find himself unobserved? He would then yield to the temptation. Could it really happen that nobody should be acquainted with what he had done? No; for God would know it. Does God know everything? Yes. Would anybody else know it? Yes; he would know it himself. Could he possibly escape from this knowledge? No. Would he be aware that a name expressive of disgrace and crime is attached to the act which he had committed? Yes. What is the act called, and what would he be called if known to have committed it? The act is called “stealing,” and he would be called a “thief.” Could he help saying to himself, “I am a thief?” No. Is that a pleasant

thought for man or boy to carry about with him? No. Do people always fall asleep at once when they go to bed? No. What will the thief, thus lying awake, say to himself, whether he like it or not? "I am a thief." What thought will come into his head, if he wake in the middle of the night? "I am a thief." When he opens his eyes in the morning, what will probably be the first thought of which he is conscious? "I am a thief." Would that thought haunt and torment him? or would it help him to start in the morning refreshed, cheerful, and full of zeal, to perform all the duties assigned to him for his day's work? Might he say to himself, "If others knew of me what I know of myself, some would pity, some would shun, some would hate, all would blame me, my family would be ashamed of me; and, as it is, I am unhappy in myself, lowered in my own self-respect, and unable to look others steadily in the face. I feel that I could not stand up with an easy conscience in the midst of my companions to be cleared from suspicion where property had been missed, while the culprit was undetected. Would it be a fortunate circumstance for the poor boy if he were thus tormented by the thought of what he had done? It would. Why? Because he would thereby be helped to resist the next temptation that he was exposed to. And after he had resisted the second? He would have acquired strength to resist the third and following temptations, till, perhaps, with his improving habits and disposition, opportunities would cease to be temptations at all. How different then would be his sleeping and waking thoughts! Cheering, yet not boastful:—"I am

conscious that I am striving hard to resist temptation—to build up my own character. I may congratulate myself upon the successful issue of the struggle between right and wrong within me; and humbly hope that yesterday's victory will be to-morrow's strength, for gaining similar victories, and for escaping unscathed from future trials." But would the juvenile offender be sure to be tormented, as we have supposed, by the thought of what he had done? No; but he could not enjoy the thought. He might make light of it, shake off the unpleasing reflection, occupy himself with the new occurrences and attractions of the next day, and when he comes face to face with the second temptation, would he resist? Most likely not; for as each temptation is resisted, strength is gained to resist the next; and as each temptation is yielded to, the ability to resist the next is diminished. Repeated yielding ends by making resistance impossible, the disposition becomes thoroughly depraved, and self-respect is destroyed. Others begin to suspect, character is blown upon, confidence withdrawn, conduct watched, and at last, impunity having led to disregard of all caution in crime, detection follows. The least that can happen is dismissal from employment. Most probably, moral condemnation is followed up by judicial investigation, and the punishment awarded to guilt. This tendency in our nature—this law of our organization, by which each act committed prepares us for its repetition, warns us of what we ought to do, if we are sincerely earnest in forming good dispositions for ourselves, in laying the foundation of happy trains of thought to carry along with us, and

of establishing for ourselves the capacity of earning the means of a comfortable maintenance for all who are dependent upon us. Let me ask once more, what is this of which we are warned? Ever to be mindful of the tendency to repetition in our nature, and therefore stoutly to resist the first temptation to do what we know to be wrong.

You have happily outgrown the need of such lessons; but you can delight in reflecting upon the influence which lessons given in this spirit to all the young must exercise upon adult conduct, and upon the still more powerful influence of training judiciously adapted to make such lessons fruitful of good conduct by "tempering the wind to the shorn lamb"—by removing temptations awhile, till strength of character, equal to their resistance, shall have been acquired. You can also realise to yourselves what must be the fate of those who are shut out from such teaching and training; and with some mournfulness open your eyes to the gigantic sin of our age, with the enormous means at our disposal—the neglect of childhood; resolving, at the same time, that, "as far as in you lies," this sin shall be removed from our nation; or, if it remain—if it prove immovable by any effort of yours—that it shall not be chargeable to you.

If you should ever discuss with others the kind of qualities which deserve to be classed in the columns of "good" and "bad" respectively, and the best methods available for securing the benign influence of the first, and for warding off the baneful influence of the second, you may stumble upon individuals who are disposed to

attribute much of what they observe to "instinct." When pressed to explain some of the difficulties and contradictions into which they fall, they will make distinctions between natural and acquired instincts—*i. e.* unconsciously abandon a word to which they are unable to attach an intelligible meaning. I have heard people maintain that "respect for property" is instinctive. You smile. But an error or superstition in regard to a quality so indispensable to well-being must not be trifled with, especially if the superstition be of a kind likely to lead to neglect of vigilance or want of confidence in using those precautions, without which, so far as you and I have been able to judge, "respect for property," is not likely to be felt. You would ask these believers in what they call instinct, which is the more uniformly observable in very young children, as regards any object of desire within their reach—a tendency to appropriate it? or to abstain from meddling with it? and in children as they advance in years, is there an equally universal tendency to appropriation, or is the tendency sometimes to appropriate, and sometimes to leave untouched, according to the notions which they have imbibed—notions varying greatly in different children? Are not the causes of these varying notions the subject of our present most serious studies; and the best means available for dealing with these causes the objects of which we are in search?

You feel with me that idle talk about the qualities to be aimed at, and the best means of cultivating them in ourselves and others is not to be endured by those who are sincerely bent on doing their duty. "Respect

for property," prevailing as it does widely in this country, is one of the causes of our actual state of well-being. The lack of this respect for property manifest among so many is also one of the causes of the misery with which our well-being is chequered. How can this cause of misery be abated? What are the characteristics of the individuals in whom we find this social disease of "want of respect for property" most virulent? Are they industry, intelligence, sobriety and economy? or idleness, ignorance, drunkenness and wastefulness? The latter. We have already discoursed sufficiently about the means of averting these bad qualities. Are those who disturb the proprietors of wealth by attempts at depredation to be found, for the most part, among the comparatively well-off, or among the comparatively destitute? Among the comparatively destitute. We have also discoursed of the best means for enabling people to keep or raise themselves out of destitution.

Our religious teachers, happily for us, have not fallen into this confusion of ideas about instinct. Their error has been a too contracted view of the requirements indispensable for promoting "good and holy living." Turn where they may, they see no success which is not the consequence of numerous concurrent causes, the absence of one of which might have rendered all the others abortive. The productive farm, the safe and speedy railway transit, the unerring chronometer and the healthy town are each the effect of numerous causes. More than this—the concurrence of some of these causes must have been cared for at an early period. And the neglect of that care would be irre-

mediable at a later period, however hearty and energetic the efforts might be, or however sincere the repentance for past neglect.

Your attention might be drawn to some such case as this. A ship, not long off the stocks, bound on a long voyage, is compelled to bear up for some intermediate port, in distress. To the mortification of captain and crew, to the disappointment of the merchants concerned, to the dismay of the passengers and the distress of their friends, it is found, on survey, that she must be unloaded and stripped for examination. The cause of her leaky state is laid bare—numerous defective timbers. The shipowner had spared no expense in the equipping of his ship previous to her departure. The captain and crew had proved competent and faithful. But incapacity, either from ignorance or carelessness, had crept in at the original framing.

Let the object of your solicitude be, not a ship afflicted with dry-rot, but a community suffering from disregard of the rights of property. You observe its clergy earnest in prayer—entreating that we be not led into temptation, and incessantly reminding us of the commandment, “Thou shalt not steal.” Whence this manifest disappointment, with so much solicitude and exertion? Surveyors are summoned. They inspect, they explore, and finally they report that many members of the community, so indefatigably preached at, and so devoutly prayed for, had been suffered to grow up in bad habits. Looking at the good conduct of mankind as one great object of religious education, and at the formation of good habits in childhood and

youth as an essential preliminary to good conduct, can you do otherwise than acknowledge that educational incapacity, either from religious ignorance or religious indifference, has fastened upon us a curse, utterly beyond the reach of subsequent prayers and exhortations?

The conclusions just arrived at, taken in combination with those of previous lessons, impose upon us the duty of fixing deeply in our minds, and entitle us to claim from others, in their deliberations with us, a distinct recognition of what is due by each generation to the one about to succeed it. If we are earnestly and religiously bent upon circumscribing the extent of bad conduct, as we observe it in these our times, we must enlarge our notions and improve our methods of training. We will not repeat what we have insisted upon often enough in regard to teaching. Knowing, as we do, how little amenable to better impressions are those who have been long addicted to vicious courses, we may preach, we may pray, we may scold, we may summon the policeman, the judge, and the jailor to our assistance as a means of deterring them, but we shall scarcely dare to look one another in the face, and claim to be considered sincere in our religious demonstrations, if we fail to be diligent in forming the habits of the young, so that want of respect for property shall be almost impossible to them in adult life.

CHAPTER VII.

Means by which those who possess no wealth prevail upon its possessors to grant them some of it—Object of the latter in consenting to part with some of their wealth—Bargain between them equally beneficial to both parties—Wages, profit and interest—Capitalists and labourers, employers and employed, masters and servants—Questions arising out of their engagements with one another—Any education for the young incomplete which omits to impart instruction on the relative duties of employers and employed, and on the causes of fluctuation in wages, profit and interest—Good self-guidance and capacity to guide others impossible without such instruction—Maintenance of the destitute and incapable—Kindliness of feeling a good quality—When and how to be cultivated.

Our last lesson left us, I think, quite prepared to admit “feelings of respect for property” into our column of good qualities. We satisfied ourselves that the qualities which we had previously admitted there could not flourish except in company with a feeling of security; and that to obtain the security on which the confidence in it must rest, two things are specially needed—first, the establishment of the “rights of property” and the defence of those rights by government against all who are disposed to invade them, and second, the prevalence of feelings of respect for those rights—feelings not to be looked for except through the good teaching and training of the young.

We must, however, return awhile to the position whence we began the inquiry that has led us to this conclusion. We had observed that participation in the

consumption of wealth was indispensable for all, while there were many who possessed less than they required or none at all. Of the two ways in which those who lacked wealth might obtain some from its possessors: viz., against their consent, and with their consent—the first we have seen must be prevented, nay, the wish to resort to it ought not even to exist. Ought the second also to be prevented? You observe, truly enough, that if this second way of obtaining wealth were to be prevented as well as the first, there would be no escape from suffering, or even starvation, for those who possessed none, or not enough of their own.

It appears, then, that this second way should not, must not, cannot be prevented. Ought it to be restricted, regulated or encouraged, and how? This is a most interesting inquiry. We have before us the wealth of the country, and the inhabitants of the country, *all* of whom need some participation in this wealth, but many of whom possess none or too little even for a bare subsistence. For brevity's sake we may designate these latter as the "wealthless," and the question may be put in this form:—Can the wealthless persuade the wealth-possessors to part with any portion of their wealth? For if they cannot, they must perish. A mere glance at what is going on around us suffices to assure us, not only that there are many who have no possessions, and many more who have insufficient possessions, but that nevertheless they neither starve nor steal. They obtain from the wealth-possessors a portion of their wealth, or which is the same thing, they receive money which enables them, to a certain extent,

to select and obtain what they most wish for out of the whole stock of wealth accumulated around them. Why money is used for this purpose we shall have to inquire hereafter. What we now want to ascertain is the nature of the appeal or representation, through which the wealthless can persuade wealth-possessors to supply them with a portion of their wealth, through which for ages past they have persuaded, and through which they are continuing to persuade at the present time.

A negotiation might be begun between these two parties in some such way as this. Will you give me a trifle out of your wealth? I have no more than I want for the support of my family and myself. Surely you can spare somewhat out of so large a stock—you can have no immediate use for the whole of it? That may be; but I must think of the future as well as the present. I am at this time working hard to replace what I am obliged to take out of my stock to supply the wants of my family, but the time may come when, not being able to work, I shall be obliged to consume without replacing. Is not your stock more than sufficient for your probable future wants, as well as for your present? I do not consider it large enough, for if I should live to an advanced age, I may have to exist for many years on what I shall have saved, without any power of adding by my labour to what I had saved while young and strong. At this point the wealthless applicant must depart, unless he can adduce some other reason sufficient to persuade the wealth-possessor to comply with his wishes. Do you think he could say anything more that might prevail with the wealth-

possessor? He could offer to work for him. And you think he might prevail by making such an offer? We happen to know that many persons do obtain the wealth which they need by working for those who have a stock out of which they can spare. They come to some understanding with one another. They are able to serve one another. And it interests us greatly to know precisely how this is brought about, and to ascertain what are the qualities and capabilities in men which enable them thus to do mutual service.

The application of the man in want of wealth to the man in possession of wealth, might be followed up in this form: "If you will give up to me a portion of that wealth which you are saving for future use, I will undertake to return it to you with increase by the time you want it." Would the man of wealth be likely to accede to such a proposal, supposing he could believe in the ability and the will of the applicant to perform his promise? Clearly, for he would be a gainer by the bargain. He would obtain future wealth, while the man who applied to him would obtain present wealth. But is it possible for a man to perform, as well as to make such a promise? Let us suppose him to be expert in field-labour, and to make his application to a farmer who might, with his help, manure and crop a field which he would otherwise leave fallow, or drain a piece of waste swamp, or preserve and improve his stock which was perishing and deteriorating from want of adequate care. Might not the farmer, by complying with his request, obtain a very large increase to his future wealth? Or supposing him to be an experienced

teacher, and to offer his services in behalf of the farmer's children, the farmer having up to that time taught them very indifferently himself: might not the farmer's time, disengaged from teaching, and transferred to the business of his farm, enable him to produce twice as much as what he paid out to purchase the instruction of his children? The applicant for present wealth might be an able seaman, and the man of wealth owner of a ship detained in port for want of a sufficient crew; or he might be a domestic servant whose service in the house is capable of releasing so much of the time of a master as would enable him, whether engineer, physician, or lawyer, to earn ten times as much as he disbursed.

These are a few examples of the numerous agreements of daily occurrence between the wealthless and the wealth-possessor. These agreements are based upon the possibility, ascertained and acknowledged, that the labour of men with certain qualities can produce more in the future, some much more, than the present wealth needful for their maintenance while at work. In the case of the field labour, the source of the increase is seen, at a glance, to be partly in the resources of the soil, and partly in the qualities of the labourer. In the other cases, the source of increase is also to be found partly in the capabilities of the soil and of other elements of production, and partly in the qualities of the labourer. The character of the bargain between the wealthless and the wealth-possessor is not affected by the form in which it is completed. The field labourer might be fed, clothed, and lodged on the farm; or be partly paid in this way, and partly in money with which he

whom good qualities do not predominate, and the young in whom good qualities cannot have attained strength and maturity. If they be permitted to enjoy wealth, without being at the pains to earn it, will that conduce to remedy the deficiency of good qualities in the former, or to confirm the good qualities yet wanting vigour in the latter? We have agreed that a prevalence of good qualities is not to be looked for in society unless a foundation be prepared for them by education in infancy and childhood. Does not this bargain between the young and inexperienced wealthless and the elder and experienced possessor of wealth, afford the very best opportunity for that further schooling yet required for the former? He sells his labour. Nothing but the most woful lack of intelligence on both sides can fail to make the bargain progressively advantageous to both. The young labourer puts forth all his efforts to improve his usefulness, so that the future payment for his labour may be greater. The purchaser of labour strives so to direct the labour for which he has paid as to get back his advances and as much as possible besides.

One of the qualities—trustworthiness, which we have already placed in our “good” column, must, however, prevail very widely to admit of these agreements being generally entered into. The form of trustworthiness specially required is “Fidelity in the performance of engagements”—fidelity so completely relied upon as to banish all fear from the wealth-possessors that the work for which they yield up a portion of their savings will not be scrupulously executed. A total want of faith in the performance of engagements would prevent all

contracts; and the number and importance of contracts must be greatly influenced by the strength of the feeling of security in their completion; which, again, itself can only be the result of long experience. Of long experience of what? Of the great preponderance of contracts faithfully executed, over those repudiated, broken, evaded or negligently performed.

There has, at times, been much controversy about the morality of this kind of contract between certain of the wealthless and certain of the wealth-possessors. The prevailing feeling now in this country is to approve of it, and to leave contracting parties to make their own agreements, the law only interfering to insist upon compliance with the agreement when it has been entered into. But other interference has not wholly been dispensed with; and even where no restraints are imposed by law, it is contended that self-imposed restraints ought to supply their place. You will not like to omit inquiring fully into this subject, and to ask yourselves:—Ought agreements between these parties to be permitted or forbidden? If permitted, ought they to be voluntary or compulsory? And ought the quantity of wealth to be surrendered by those who possess it to be fixed by others for the contracting parties, or arranged by mutual agreement? As agreements of this kind have been long in use, as the various contracting parties and their contracts, payments, and expectations have had names assigned to them, and as we shall more easily investigate and discuss all the questions arising out of these agreements when we are familiar with the language in

daily use, we may as well take note of the names that have been provided for us. It will hereafter form part of your intellectual exercise to make yourselves expert in detecting the departure from the things really named—an error into which talkers and writers too often fall, while using the very names appropriated to them.

The wealth-possessors who are willing to appropriate a portion of their wealth to the purpose of producing more are called “capitalists.” And the wealth which they so appropriate is called “capital.”

The persons who sell their labour to capitalists—who bargain to surrender the future produce of their labour to capitalists are called “labourers.” And that which they receive in exchange for their labour is called “wages.”

The expected future increase which is the inducement of the wealth-possessor to turn a portion of his wealth into capital is called “profit.”

All the characteristics that distinguish the portions of wealth respectively named wages and profit deserve special notice by those who aim at acquiring clear notions upon the morality of the dealings in which the claimants of them—labourers and capitalists, engage one with the other. The questions never absent from our thoughts in pursuing these studies are: What ought to be our judgment upon different kinds of conduct? What ought we to do? What ought all men to do? More particularly, just now: What ought labourers and capitalists to do? In other words, what course of conduct ought they to adopt so as to promote the general well-being? To what course ought they

to confine themselves so as not to diminish well-being? It is scarcely possible to answer these questions with confidence if not accurately informed upon everything likely to affect the engagements which capitalists and labourers must be perpetually contracting. In considering wages and profit as things present or future, what shall we say of them? The first are present; they are earned out of something present—something in existence—capital. The second is something future. The first is something certain. The second is something uncertain—probable—looked forward to, undoubtedly, with confidence; but nevertheless dependent upon contingencies.

In the earlier ages of society, wages were paid in the very commodities of which the capital of the capitalist who purchased the labour consisted; the labourer was fed, clothed, and lodged by the capitalist. At the present time, and in our own country, although in some cases wages are partly paid so, they are mostly paid in money obtained by the capitalist through the sale of his commodities, and used by the labourers after it comes into their hands, to purchase, not from the capitalist who employs them, but from any capitalists, the commodities for which they feel a preference. By these arrangements, the quantity of wages receivable by the labourer is fixed by the bargain between him and the capitalist who employs him, the shape in which he consumes or enjoys his wages is dependent upon his own taste and inclination. A distinction may thus be made in speaking of wages, between real wages and money wages; and it is one which it will be useful to bear in mind.

The profit of the capitalist presents itself to us, also,

in two forms. Where he pays wages in kind, and receives the produce of the labour which he has purchased in the like, the surplus of this produce beyond what he has paid away is his profit. Where he pays wages in money, and turns into money the produce of the labour which he had purchased, the excess of his receipt above his payment is his profit.

The various dispositions and capacities of capitalists and labourers have caused the bargains between them, and also among themselves, to assume a great variety of forms. A capitalist may mistrust his own fitness to employ his capital, or to superintend and direct the labour of others. He may be disposed to lend his capital. Another capitalist, confident in his own ability strong in his own activity and vigilance, may be disposed to give something certain for the use of another's capital on account of the larger profit which he thinks he can make out of it. It might be expected that capitalists thus differently disposed and gifted would come to some arrangement with one another; and in fact, contracts between them are of daily occurrence—some seeking to obtain advantage from their capital, while divesting themselves of the labour and risk of employing it, others seeking to obtain profit from the capital of others, the control over which they obtain by a promise to pay something short of the expected profit. The payment stipulated to be made for the use of another's capital, or to be received for the loan of one's own, is called "interest."

The practice of borrowing and lending capital affords an opportunity to labourers, who have made savings out

of their wages, of obtaining an income in the shape of interest from their capital, and at the same time of persevering in the sale of their labour, and of continuing in the receipt of wages.

The pairs of terms "capitalist and labourer," "employer and employed," "master and servant," it is evident, are by no means identical. Many capitalists employ no labourers, but lend their capitals and even sell their own labour. They thus, of their own choice, although capitalists, take rank among the employed—the servants. Others, with but little capital of their own, by means of the large capital with which they are trusted on loan, take rank among employers or masters.

Individual capitalists, who have not capitals sufficient to undertake a business, or who could undertake it more advantageously by an union of their capitals than each acting by himself, unite their capitals together, and for that special business become proprietors of one common capital. They purchase labour on their joint account, and divide the profit which they may earn among themselves, in conformity with the articles of partnership under which they came together. Some of the partners in their separate capacities may sell their labour to the joint concern of which they are members, and thus be both employed and employers, servants and masters.

Associations of capitalists who elect managers or superintendents out of their members, or who purchase the services of persons qualified to act as such, and to control and organize large numbers of labourers, present another form of arrangement, under which it is open to those who are desirous of earning wealth to make choice

of the kind of employment best suited to their particular capabilities and dispositions.

There is another practice of the employers of capital which ought not to be passed over in silence. They will frequently forego an early profit for the sake of a larger one at a later period. A farmer, with some such expectations in view, will direct a portion of the labour which he has purchased to deep draining or to improved buildings; the miller to adding steam-power to his water-power; the ship-builder to providing his vessel with an auxiliary screw-propeller; while others will employ thousands of labourers in excavating docks and canals, and forming miles of railroad and telegraphic wire, from which no profit can possibly be obtained for many years.

We have here before us a sufficient description of what is going on in the industrial world, to lead us to the kind of questions which we shall be anxious to put to ourselves as a means of forming our judgments upon the morality of many of the arrangements and practices described. With the assistance of the names in use, as explained, we shall be spared much diffuseness, and be enabled to put our questions in a compact and precise form, forcing upon ourselves the necessity of a strict and conscientious inquiry, and eliciting direct and unequivocal answers, as nearly as possible—yes, no, or I don't know. We must at the same time be prepared to hear from those who talk more than they think, torrents of jabber carrying along with them all these words, signifying sometimes one thing, sometimes another, together confounding sense and reason. To be

forewarned, we are sometimes told, is to be forearmed. But we will not trust blindly in this aphorism. We will take special pains to be forearmed. Peradventure, we may do more than protect ourselves. The nobler and higher gratification may await us, of contributing to the protection and rescue of others.

The questions which suggest themselves in regard to the contracts and customs which we have just enumerated are very numerous. Many of them are met in a way to show that certainty and unanimity of conviction are far from being arrived at. Whether you will feel an unfaltering confidence in your present ability to answer them, or whether you will desire further information to guide your judgments, is what we shall see. Be it observed that the questions which await our consideration are not about the colour or fashion of our clothes, or whether our next dance shall be a quadrille or a polka, or something equally trivial, but about our duties towards one another—about what is right, what is wrong—what we ought, and what we ought not to do—what promotes, and what disturbs or obstructs the general well-being.

Ought the government to allow capitalists and labourers perfect freedom in their dealings with one another?—and if not, what regulations or restrictions should be imposed upon them?

Supposing capitalists and labourers to be bound down by no legal restraints, excepting the obligation to fulfil their agreements with one another; what moral obligations or self-imposed restrictions ought to regulate their conduct?

Ought employers to give like wages to all?—or to distribute wages among their labourers according to their respective wants, or according to their respective capabilities as workmen?

Ought employers ever to refuse wages to labourers asking for employment, or refuse to pay wages sufficient for the comfortable maintenance of the labourers and their families?

Ought capitalists always to endeavour to obtain the largest possible profit?—or ought they in the employment of their capitals to be guided by other considerations besides the amount of expected profit?

Ought capitalists to associate together, and by doing work or producing commodities better than individual and unassociated capitalists, compel them to abandon that line of business?

Ought capitalists who are not inclined to employ their own capital, to lend it to others?—and if so, should they accept any rate of interest, however high, that may be offered to them?

You will not give haphazard answers to these questions. You feel that there are consequences to be considered which have not been placed before you, and you also feel that you ought to qualify yourselves, and that every human being ought to qualify himself to answer these questions, seeing that the happiness of individuals and of societies must be affected by the conduct necessarily following the character of the answers. To pretend to regulate our own conduct, to advise others, or to agitate society upon the matters involved in these questions without having studied them

deeply and conscientiously would betray a most culpable levity; and to shrink from the application necessary to master them would be an intellectual apathy and moral cowardice that I am sure your generous natures will spurn.

This will be an appropriate place to fix our attention upon a mistake that we are liable to fall into, whether we look upon ourselves as preparing for our own guidance or for the instruction of others. We may have arrived at a conviction of the importance of possessing all the qualities which we have enumerated as good, the names of those qualities may be familiar to us, and we may cherish the qualities in ourselves and inculcate them in others. But if we would prosper or qualify others for prosperity, we must do something more. The daily and hourly acts which maintain life and secure future well-being must be built upon specific and detailed knowledge, the perfection and enlargement of which is only to be accomplished by observation, reflection and practice in maturer years; but the foundation of which cannot be neglected without serious detriment in infancy and childhood.

The educator of youth would labour under the grossest of self-delusions, and inflict the most cruel injury upon his pupils, should he omit to do for them, while under his charge, what never can be so well done in later years. However important it may be that he should have instilled into them a reverence for all the good qualities, and however well he may have trained them to conduct in harmony with these qualities, he must not expect results from teaching and training thus

limited, which can only follow from this and much besides. It will not do for him to say "Be industrious, sober, truthful, courageous, and saving," and to have taken some pains that his pupils shall be disposed to attend to his injunctions. He must, besides, have prepared them to judge, and to go on improving their judgments, as to the best ways of directing their good qualities. His late pupil wants wages. How is he to get them?—to get more of them? Is he to blame because he has not what he deems enough, or is his master to blame? Shall he join with his fellow-workmen in insisting upon more, or shall he resist their urgent solicitations? If he comply, is it folly or wisdom? If he decline, is it prudence or cowardice? His wages are to be paid in money. Will the same quantity of money always procure for him the same quantity of food?—and if not, why not? Shall he unite in a remonstrance against the government, the farmers, the millers, the bakers, or the speculators, or against them all? Or, if he be not paid as much money as he would like, shall he assist in calling lustily for more money, full of confidence that more money would bring more victuals? Is the employer whom he has consented to serve his benefactor and instructor, or his oppressor? Shall he exercise courage, self-denial and endurance in thwarting or in aiding him, in resisting or in supporting his authority?

This is but a small sample of the difficulties which the intelligent and conscientious schoolmaster will have prepared his pupils so grapple with. Much of the knowledge necessary for their guidance they will have

acquired at the same time, and, what is of more importance, intellectual aptitude in searching for more, and in distinguishing between the genuine and spurious articles when they come blended together through the mouths and writings of others. To embark upon the waters of life without this knowledge is no less dangerous than would be the embarking on the waters of the ocean, uninformed and inexperienced in the science and practice of navigation. And as all have to embark on the waters of life, none can escape suffering or humiliation if allowed to embark unprepared for the voyage. Such want of preparation cannot but entail suffering upon the many, and humiliation upon the few, however well disposed they might be to practise what they believed to be right.

The type of the *many* is the young man maintained through infancy and childhood out of the savings of other people's labour, yielding nought but affection in return; and at last thrown entirely on his own resources. Shall he sell his labour, and to whom? What will be his wages? What must he do with them? How is he to get more? and if he do not succeed, what else can he do? These questions must force themselves upon him. His method of dealing with them may quicken his good qualities and secure his happiness, or may drive him to despair and convulse society.

You may be taken as a type of the *few* who occupy a privileged position. Sheltered from the sterner physical wants by the peculiar arrangements of society, your advice, your example, your influence, will make

themselves felt in all directions. What ought the many to do? You will be asked that question—if not directly, by implication. To feel that you do not know, or to think that you know, while you are mistaken—to be incompetent to advise and instruct, or to mislead and hasten in the wrong course, that would indeed be humiliation. While to be conscious of having studied attentively, and of having mastered the knowledge of what conduct the many ought to pursue, of having acquired readiness and proficiency in detecting the fallacies, and unmasking the delusions by which they are led astray, and of being qualified to instruct and advise, and to influence by example, is a distinction—a glory held in reserve, not for all princes and nobles, but for the good and wise among them.

You remind me that we have mentioned, but not yet examined, another method by which the wealthless strive to obtain wealth from wealth-possessors. Some of the wealthless beg. Ought they to beg? Ought their appeals to our charity to be complied with? Or ought they to be sometimes complied with, and sometimes resisted? As all who are in want do not and cannot resort to begging, and, as some of those who beg make fraudulent appeals to our charity, we may as well enter upon this inquiry by admitting that fraudulent beggars ought only to be relieved through the medium of the police, and that all who are in want ought to find whatever relief is destined for them accessible without begging. Young children want, but cannot beg. As a rule they need not beg. Parents

love and care for them. The law imposes obligations upon parents in behalf of their children, although it can do but little in enforcing those obligations where they are not felt. Religious educators do something towards evoking a sense of parental responsibility. But they might do more, were they more alive than they have yet shown themselves to the call, deep if not loud, for a thorough exposition, at their hands, of the parental duties—what material aids are required for the due performance of those duties; when they should be provided; and when the foundation ought to be laid for building up the qualities, without which neither the material aids nor the capacity to apply them can be expected.

A generation of such parents, aided by such a clergy will, you think, have no difficulty in organizing protection for all those children who are deprived of their parents, where private resources are not available for the purpose.

The deaf, the dumb, the blind, the idiot, and the cripple will be equally cared for, and in the same manner. A religious people will not endure that absence of organized protection should drive these objects of pity to the public thoroughfares.

There remain the other destitute who will not or cannot sell their labour—adults whose labour is not worth purchasing. The industrious and thrifty of society will spare from their savings to feed, clothe, and shelter them also; and in all tenderness too, careful at the same time to make it known to them that they are subsisting upon the earnings of others; and

careful not to hide from the young through what cultivation and conduct they may hope to save themselves from the disgrace of being compelled to take refuge in an asylum provided out of the earnings of others.

Readiness to maintain the destitute and incapable is evidently a quality needful in society—it implies willingness to part with wealth, expecting no return but a gratified sense of duty performed. Kindliness of feeling must be at the root of this sense of duty. It is unnecessary to enlarge upon a state of society where kindliness of feeling should not exist. Such a state of society would be impossible; or, if possible, unbearable. It is to be regretted that kindliness of feeling does not prevail so widely as we could wish; nor is it reduced to practice as wisely as we could wish. For the first steps in its cultivation we need but watch the loving discipline of a good mother. We have settled together how abstinence from present indulgence may be first voluntarily submitted to, and afterwards grow into a pleasant habit, when viewed as indispensable to future well-being. Similar abstinence is submitted to without a murmur or any sense of privation, when considered as preservative from future ailment or disease. So easy is the formation of habits of similar self-denial considered, that people who cannot govern themselves in this respect surprise and disgust us at the same time. We call them greedy. The child trained to take delight in the happiness of others is frequently called upon to elect between two enjoyments: one of indulgence in disregard of others; and the other of

indulgence in deference to or in conjunction with others. It elects the latter. The greedy child elects the former. Greediness tends to fill the world with discontent, destitution, and disease. Whereas, kindness of disposition attracts the good offices of others, while it recognises no sacrifice in the good offices to which it prompts.

Kindliness of disposition having been cultivated, judgment in its exercise must be cared for. When ought we to share, when not; when to give, when to refuse? There must be limits to sharing and giving. What are they? Our kindness of disposition ought to be none the less when duty orders us to refuse. Kindliness of disposition in conjunction with courage might summon us to rescue a fugitive or a captive, but not one who had committed a crime and was striving to escape from justice. When we should give and when refuse alms is a question for the judgment; and you would scarcely think you were acting creditably by your own, if instead of facing the difficulty, determined to solve it, or to confess yourselves foiled, you consented to evade it. You will meet with people who excuse indiscriminate alms-giving thus: Better that ninety-nine undeserving men should receive than that one deserving man should suffer want. In repressing crime, men do not shuffle in this manner. A thousand prisoners are suspected, tried, and convicted. They are believed to have been guilty, according to the best judgment that could be formed on a careful consideration of the evidence. And yet it has happened, and may happen again, that one in a thousand is not guilty. Society could not exist, if crime were not

repressed. The innocent must be sifted from the guilty with all possible care; but the remote risk of the conviction of innocence must be endured for the sake of protection. A community distinguished by kindness of disposition and judgment, having decided that no human being shall be abandoned to perish by want, and having made arrangements for preventing so sad an occurrence, indiscriminate alms-giving becomes recklessness—it is not kindness of feeling.

Giving without inquiry justifies itself sometimes in this form: I give to gratify and cultivate my own feelings of benevolence. I encourage my children to do the same for the purpose of cultivating theirs. Strange misconstruction of the duty owed to one's self and to the young! Ought we to close our understandings against the conditions of well-being which we have been investigating? Is the time never to come when children having learned these conditions, and been trained to conform to them, shall abide by the habits formed and subsequently confirmed by judgment? Kindness of disposition, guided and fortified by judgment, recognises the different consequences of good and ill conduct. It steps forward to mitigate the consequences of ill conduct; and, knowing that those consequences can only be mitigated and are not to be removed, resolves in pity for human suffering that like consequences shall be averted from others, through more careful teaching and training of the young.

CHAPTER VIII.

Freedom of contract between capitalists and labourers, between would-be-employers and would-be-employed, desirable—Tendency of capital to distribute itself as wages among the labourers according to their several producing powers—Ought employers to lend themselves to such a distribution?—Its effects upon the moral characters of the labourers, and upon their physical comforts—Differences of prevailing rates of wages, at different times and in different countries, occasioned by differences in the proportion between the quantity of capital and the number of labourers—Prevailing wages must be inadequate wherever the quantity of capital is small compared with the number of labourers—No immediate remedy for low wages—Remediable in the future by present efforts to teach and train the young—How a rise of wages, in itself a blessing, may by ill-conduct be made a curse—Mission of the religious educator in reference to wages.

LET us now apply ourselves to gain, if possible, the specific knowledge needful to form our judgments and determine our conduct upon all the questions which have been raised, and which can scarcely fail to recur again and again, in relation to contracts between capitalists and labourers, employers and employed, masters and servants. We shall have to decide whether unfettered freedom of contract *ought* to be permitted—that is to say, whether such freedom will or will not most conduce to the general well-being. But this question we will reserve till we have examined what must be the results, supposing no government restrictions to be interposed beyond those required to enforce the faithful performance of contracts. And government interference to enforce the performance of contracts, be it

observed, is only one of the many interferences incident upon the determination to establish "rights of property" and to protect them. What we want to learn just now may be called the "morals of wages."

The would-be employers and the would-be employed may be represented as before us; the first seeking profit, the second needing wages. The second want to obtain possession of a share of the capital which is under the control of the former. This capital consists of every description of commodity, but to facilitate our investigation, we will suppose the agreements for receiving and paying wages to be made, as they generally are, in one denomination—money, which money enables its possessor to select the commodities of his preference for consumption; and to obtain which money, in order to make his payments of wages, the employer is in the habit of selling some of his own commodities.

Of course they know something of one another. Will service in all employments and with all employers be equally sought for? Will employers be equally anxious to engage all the labourers who present themselves? No? Why not? Because some employments are more dangerous, unwholesome and disagreeable than others. Because the service of some employers is less improving than that of others; and their behaviour and discipline less pleasing. Because, also, some labourers can do more and better work than others; and have established better characters for zeal, trustworthiness, and proficiency in the performance of their engagements. We will enter into some of the

details of industrial life to illustrate, to test, to confirm, or to disprove the accuracy of these representations.

Our first comparison shall be between two classes of employers, equally attractive to labourers in all other respects, except that the one are farmers, the others sewage-engineers and contractors. Would they each be able to engage labourers on the same terms? No; because all labourers would prefer working on a farm to working in a sewer. This deserves a very rigid investigation, for we ought to be quite sure that a difference of wages must be established in the two services before we make the assertion. For the sake of trying this assertion, let us suppose that, contrary to your expectation, the farm-labourers and the sewer-labourers were receiving twenty shillings per week each, would not this make you modify your assertion? You think not? Of course, you would not shut your eyes nor close your ears to the evidence on which all your opinions ought to be based. Granting the possibility of such an inexplicable state of things, what would happen? Would some labourers desert the more disagreeable business and seek the more agreeable? Perhaps not. Long habit might have reconciled them to what in the beginning was repulsive, and disinclination to a change of residence might prevent this transfer of labour. How would it be with the young men who are daily coming forward to fill the gaps left by those who are moving off? Would they be quite indifferent as to which service they sought? They would not? They would apply to the farmers in preference. But the capital of the farmers

may already be fully employed ; or, may be, for every vacancy, there might be ten candidates.

While all this is occurring on the farms, the vacancies among the labourers on the sewers are not filled up ; the vacancies there, too, being more numerous on account of the unwholesomeness and danger of the employment. The eagerness of the young labourers to obtain field-work rather than sewer-work would make them try hard to persuade the farmers to receive them into their service. The anxiety of the sewer-contractors to continue their important work, would make them go forth to prevail upon some of the young labourers to overcome their repugnance? What can they do for this purpose? They cannot alter the work. They can only offer higher wages. They will tempt the labourers—say by the offer of thirty shillings per week ; which will prevail with the more athletic and hardy, the less susceptible and delicate. The wages of the labourers already on the works would have to be raised to the same level, or they would move off to be attracted back by similar persuasive means.

The payment of higher wages necessitates an increase of the capital employed upon the sewers, which of course must be withdrawn or diverted from other employments. Under the circumstances supposed, it might be withdrawn from the farms, the capital on loan there being transferred to the sewers whither it would be attracted by the offer of a higher rate of interest. The wages on the farms, by the joint operation of increased applications for employment and of withdrawal of capital, might fall to fifteen shillings per

week. Settled at that rate, while the wages on the sewers were thirty shillings, the comparative attractions of the two services, appealing as they do to the differences of disposition and organization which characterize our race, would be as nearly as possible in equilibrio.

You will, however, meet with numerous examples, where dirty, noisome and unwholesome work fails to bring higher wages to those engaged in it than are obtained by labourers in more agreeable employments; and where no such rectifying process as you have described is going on. Is not this somewhat at variance with the opinion which you have formed upon the tendency in wages to distribute themselves so as to equalize the advantages, otherwise unequal, inherent in different kinds of employment? Does it not show that some qualification is wanting to give perfect accuracy to the opinion which you have expressed? In comparatively attractive employments, punctuality, sobriety, and trustworthiness in the workmen might be insisted upon, while in the comparatively repulsive employments, workmen of inferior grade might be accepted; and if the number of inferior workmen were large in proportion to the employments open to them, the wages in the less attractive might be lower than in the more attractive employment. While the want of attractiveness would of itself lead to higher wages, the want of merit in the workman takes from him the power of obtaining this compensation. The less qualified workman is driven to put up with lower wages, or to perform harder work in proportion to his wages.

There are other considerations, also, which will naturally weigh with labourers in their search for, and acceptance of, employment. Some work can only be done at particular seasons, some at a distance from home. Some descriptions of work are liable to be suspended through changes of taste and improved methods of manufacture. You will not fail to perceive that while the labourers themselves are the more active agents in lowering the wages of attractive employments by flocking into them, the employers in the less attractive works are the more active agents in raising the wages of their labourers, by the efforts which they make to tempt new comers and retain old servants. But let the originating agency be with one or the other, or with both together, the tendency is to establish different rates of wages in different employments, so that the repugnance to enlist in the least attractive of them is counterbalanced by the higher wages, subject to such modifications as necessarily follow the qualities of the different workmen.

Proceeding on from the character of the employment to that of the employers, we cannot avoid recognizing the influence of attraction and repulsion on the labourers in this quarter. One master will obtain service where another will not. One needs only to select out of the superabundance that is offered to him. Another with constant recruiting, can hardly fill up his ever recurring vacancies. The character of the master, besides, may be said to form an element in the character of the employment, and accordingly to be embraced in the conclusion to which we have already given expression.

When we have ascertained what effect is produced upon employers by the qualities of the labourers who apply to them for employment, we shall be better able to appreciate their mutual influence upon one another. Even now, we may suspect that there must be attractions at work to bring the best employers and the best labourers together, leaving the inferior of each to come to terms as they best can.

You will excuse the next question. It is only put for form's sake, and that we may cover the whole field of inquiry. Will an employer give the same wages to all applicants for employment? Of course he will not. We may presume him to have a well-ordered establishment as a farmer, a builder, or an engineer. His business is prosperous; that is, he is earning considerable profit. With the addition to his capital out of profits or from loans, he is about to improve or extend his works. Labourers hear of his doings and intentions, and present themselves to be hired. He inquires into their characters. Among them are some strong, healthy, well-conducted men, without much skill or capacity to act, except under the guidance or responsibility of others. He can calculate what their work will bring him in. He estimates its worth, we will say, at 30s. per week for each man. What will he give to each of these men? Not so much as 30s. That you do know. How much less you are not prepared to say. He distinguishes others who to these same qualities add considerable skill and intelligence. The worth of their labour to him he estimates at 5*l.* per week for each man. How much less than 5*l.* per week

he will give to each of these you cannot tell, but he will not give so much. There is one man among them who, by his great experience and sagacity as a superintendent, by more ably directing the work of his labourers and by the saving of material, would be worth to him 5,000*l.* per annum. His wages would be so large that they would probably come under the denomination of salary, and be paid quarterly or by the year, but would not be as much as 5,000*l.* per annum.

We must not omit to notice a few others of the applicants for work—the drunken, the disorderly and the dishonest. The employer's estimate of what he could get from their work might not be so much as 8*s.* or 10*s.* per week. He would not give them more than that. He might even refuse to listen to their application or to admit them on his premises. His first step towards employing them, if so inclined, even at that miserable pittance, might be met by a disinclination or resistance on the part of his other labourers to associate with such companions. Another class of labourers will be found in most establishments—the boys, or younger workmen. Their wages would be very small. The relatives of these young people might be old servants to whom the privilege had been given of introducing boys to learn their business at almost nominal wages, or in the case of other boys, their parents might even pay out of their own savings or capital to obtain admission for them.

Some interesting questions are suggested by the employment of the young who have yet to learn their

business. What kind of business is that likely to be for introduction to the learning of which the parents of a youth are willing to pay? A very good one. In what sense does it appear a very good one to the parents of the youth? In the sense of its being likely to enable him, with the requisite application, to earn hereafter high wages, and perhaps to participate in large profits. What parents are those who are able to purchase such advantages for a child? Those who have some capital of their own, the profit of which is less attractive in their eyes than a child's advancement. What parents are those who obtain such advancement for a child without payment? Those who by their excellent character and long service, and by the good will which they have established in the affections and sympathies of their employers, have such advantages placed at their disposal. What kind of young workmen must they be who derive benefit from the advantages thus coming to them through the influence of parents and friends? Those who have acquired knowledge and formed good habits, and among them an earnest desire for self-improvement. These qualifications in young workmen, who are otherwise comparatively friendless, lead to industrial success with much greater certainty than any amount of influence bestowed upon those who are deficient in such qualifications.

With regard to the thoroughly bad labourers—those who have grown up in ignorance and vice, they cannot expect employment and wages in any ordinary industrial establishment. One last resource—an emanation from the very dregs of society, may interpose to save

them from starvation, or from the disgrace of living upon the labour of others. There are employers who lay themselves out to purchase the labour of reprobates—who supervise their disreputable workmen with the untiring vigilance of a police officer and the stern rigour of a despot. The work executed is of course indifferent in quality and small in quantity, and out of its worth must be subtracted compensation for the loathsome office of curbing vicious propensities, detecting plunder, and preventing laziness.

With regard to the efficient labourers—those whose work is worth to their employers 30s. or 5*l.* per week, or 5,000*l.* per annum—will they obtain anything like those amounts as wages? Might not their employers refuse to give them even the half of those sums, reserving the other half as profit? They certainly might refuse. On the other hand, these efficient labourers, well knowing the worth of their own work, might refuse to serve for less than—say, 24*s.* a week, 80*s.* a week, and 4,000*l.* a year respectively. Who is to have their services, and what their wages are to be, must depend upon the opportunities on both sides of bettering themselves elsewhere. An employer would not like to lose services yielding him so excellent a profit. Would the labourers be likely to obtain better wages in other quarters? Would other employers be likely to remain long in ignorance that labourers were to be had capable of earning such extraordinary profit for those who purchased their labour? Or might not some other alternative offer itself? Such excellent workmen would scarcely be altogether destitute of

capital of their own, perhaps lent out, but which they might call in. They would have in their possession the means of subsistence while working for their future maintenance. The strong desire of labourers to meet with employers who will pay them the best wages, and of employers to obtain the best workmen in proportion to the wages disbursed, will rarely fail to place at the command of each labourer wages somewhat in proportion to the worth of his performance. An additional security, to protect the better labourers from the necessity of putting up with wages out of proportion to their worth, is to be found in the resource of self-employment through their own capitals, separately, or collectively by partnership or association, becoming, perhaps, besides, bidders for the services of other labourers.

Our examination of the combined action of labourers seeking wages, and of employers seeking labour, seems to lead us to this conclusion—that there must be a tendency in the wages of each labourer to approximate to the worth of his labour. Or we may say, as the estimate of the labourer's worth will be founded upon the labourer's character, that the relative wages of labourers will be proximately proportioned to their several characters.

At the two extremes of such a scale of proportions, we see the wages of those individuals who combine in their persons a very large number of the good qualities already enumerated, and the wages of those miserable creatures who are so nearly bereft of all the good qualities as to cause their labour to be almost worthless, except in rare emergencies, or where the employer

will perform the duty of gaoler as well as of employer.

After we had examined the consequences of leaving unchecked the propensity of certain individuals to take the possessions of other individuals against their will, we came to the conclusion that that propensity ought to be checked. Now that we have examined the consequences of permitting capitalists and labourers to bargain with one another for the purchase and sale of labour, shall we also come to the conclusion that some curb ought to be placed upon this freedom of bargain? You wish to inquire a little further? Into the possession of whom does the wealth of the country pass as it leaves the capitalist's? of those most likely, or of those least likely to make a good use of it? Of the most likely. While they are consuming this wealth, is there not reason to fear that the stock of wealth in the country will be seriously diminished? That danger is specially guarded against by the care of capitalists to distribute their wages among those who can more than replace what is given to them. What is likely to be the effect of such a distribution upon the morality of the people? A good one, since it holds out rewards in the shape of wealth proportioned to the useful qualities of the several labourers. But is it not frightful to contemplate the miserable condition of those who are inadequately supplied with wealth? It is. But what has brought them to this state? Is it not the consequence of their own misconduct, which, again, is a consequence of their ignorance and bad habits? By what means can they be raised out of their miserable

condition? By compelling the industrious and economical to give them wealth, not for their good qualities, but for their bad ones? No; that would make them worse, and corrupt others besides. Is such a state of things, then, beyond a remedy? Not entirely. But the remedy is only to be found in the removal of ignorance and the improvement of habits, through better teaching and training. May the distribution of wages, according to the characters of the labourers, be considered as part of a people's education? Certainly, if there be intelligence enough to appreciate it. The young ought to be able to perceive why their wages are necessarily low, and by what conduct they may hope to receive an increase. They ought also to have deeply impressed upon their understandings a sense of the suffering and degradation that await them, if they do not strive to improve in all respects, and in particular, to make the labour which they sell as profitable as possible to their employer, whether his eye be upon them or not.

Is there not yet a difficulty to be met? If the wealthless can only obtain wealth by selling their labour, how are the means of subsistence to be obtained by those whose labour is worthless, among whom are to be found the most pitiable, those who cannot help themselves—the idiots, the insane, the blind, the deaf and dumb, and the infirm? We certainly have not yet shown how these helpless beings are to be provided for; neither have we precluded ourselves from considering their case by insisting that the sale of labour should be the *only* way of obtaining wealth open to the

wealthless. We have referred more than once to the duties of adults to children. A large portion of wealth is appropriated to children, for which no requital is received beyond the gratification of love and the consciousness of duty performed. If for love we substitute pity, we may say that the call of duty and pity summons us to maintain out of our wealth all the destitute, whose unrelieved suffering would be intolerable to a benevolent people, caution being exercised by good teaching and training to prepare all who are not incapacitated in early life to provide, by their own good conduct, against seasons of infirmity—a portion of the ordinary lot of humanity.

Capital is but a part of wealth; and, although its function is most important, that of wealth has a wider range. The function of wealth, under the control of a highly civilized people, is to contribute, as much as possible, to the well-being of society. The function of capital is to maintain and increase the stock of wealth. The minor function may be well performed, while the ill-performance of the major function may deprive society of the full benefit of the wealth provided for it. While it is impossible to conceive how employers, whose whole energy and intelligence are devoted to the maintenance and increase of the stock of wealth by distributing wages among labourers according to their respective producing capacities, can be chargeable with the miserable condition of the destitute; it is scarcely possible to avoid charging upon the great consumers of wealth some connivance at that misery, seeing how small a part of their enjoyment of wealth

consists in the alleviation of misery, and how much smaller a part, if any, is found by them in well-directed efforts at its diminution or prevention.

Because we are now only investigating the duties of the possessors of wealth in their capacity of producers, we are not unmindful of the other duties obligatory upon them in their capacity of consumers or enjoyers. The full investigation of these we must reserve to a later period. Meanwhile, we need not be afraid of affirming most emphatically, that nothing has been disclosed to shake our faith in the morality of the proceedings of those capitalists who are endeavouring to distribute their capital in the shape of wages among the labourers, according to their several productive powers; and to instruct, discipline and guide them so as to develop and turn to account what further power is latent in them.

Extending our thoughts from the relative wages of individuals and classes at one time in any given country, to the relative rates of wages in other countries, or in the same country at different times, some very interesting questions are suggested. Are the prevailing rates of wages the same in all countries? No. Are the prevailing rates in any country the same as they have been at all former periods of its history? No. In which country should you think the inhabitants are the happier, in that where the prevailing wages are high, or in that where they are low? In that where they are high, provided the habits of the labourers incline them to make a good use of the means of happiness at their disposal. To what is this variety in the prevailing rate

of wages attributable? You hesitate to answer. Well, let us make a few preliminary inquiries. What did we agree wages are paid out of? Capital. If on a sudden, while everything else remained as it is, the half of the capital in any country were to be destroyed, what would be the effect upon wages? They would fall. There would be no more than half the former capital to distribute among the same number of labourers. Would the lower wages be distributed much in the same way as before, according to the qualities of the workmen, and those of the work on which they are employed? Yes. Again, if instead of being diminished, the capital were to be suddenly doubled, what would be the effect upon wages? They would rise. Each capitalist being anxious to realise profit from the employment of the whole of his capital, and the number of labourers remaining the same, the wages of each would be higher.

We have notable proofs of the dependence of the prevailing rate of wages on the magnitude of the capital, as compared with the number of labourers. The capital of a country is not a fixed but a fluctuating quantity, ever undergoing consumption, to be reproduced, sometimes with great, sometimes with small, increase; but now and then without increase, or even with a diminution. We can readily trace the gradual and silent operation of these changes upon the rate of wages. It is the custom to pay wages in money; and money-wages are comparatively free from fluctuation. But mark the effect of the vicissitudes in one class of industrial operations—the agricultural. There are medium or average harvests, and good and bad

harvests. The consequence of each in its turn may be 8*d.*, 4*d.*, 12*d.* as the price of the quartern loaf. Would not this show great fluctuation in bread-wages? and would not these fluctuations be attributable to great variations in the quantity of that part of capital consisting of bread and breadstuffs, while the number of labourers remained much the same?

Passing on from those fluctuations in the capital of a country which are consequent upon the uncertainties of harvests, and which, among a well-conducted people, are partly provided against by economy, let us fix our attention upon the medium or average capital of a country, as compared with the number of its labourers. What is it where the prevailing wages are high? Large. What is it where the prevailing wages are low? Small. But such a state of things as a small capital—small in proportion to the number of labourers—is a state of things which all good men must desire to see amended. How is the suffering consequent upon inadequate wages, themselves the effect of insufficient capital, to be relieved? As the growth of capital is a work of time, no immediate relief is possible. Immediate consolation and assistance may be afforded to the more destitute by those who are in possession of wealth, not intended to be employed as capital, some portion of which they are able and willing to appropriate to those purposes. But the total wealth distributable cannot be increased at the moment; all that is possible is a different distribution of the insufficient quantity. Is any relief possible in the future against suffering from like disproportion between the quantity of capital and

the number of labourers? If present capital cannot be increased, can a present certainty of future increase be acquired? If that could be acquired, the gain in the shape of moral comfort, in mitigation of physical suffering, would be immense. Small consolation will be derived from this reflection by those who have little faith in the change producible in the conduct of man, by making the contemplation of future good a large item among his present enjoyments. But we will not rest here; for men's physical wants need to be supplied, and the supremacy of the moral over the physical does not imply a neglect of the latter.

Can we form any estimate of the industrial efforts of the present generation, compared with what they might be, to increase future capital? Are all the labourers of the present day working as steadily, intelligently, and skilfully as they might? Are they as economical, as trustworthy, as orderly, as sober, as zealous in working for their employers as they ought to be? There is great room for amendment. But if there were the amendment, there would be increase of future capital. Are there any obstacles in the way of obtaining this amendment? Yes; among those of the labourers of the present generation who most need amendment, there are deeply-rooted bad habits and prejudices, little likely to yield to any reformatory agencies that we have been able to institute. And are we thus left to despair of ever accomplishing any improvement in a prevailing low rate of wages? Not so. We are encouraged to rest our hopes upon means really available for the good purpose in view. And what are those means? Nothing

so difficult and disheartening as efforts to reform those who are hardened in vice, and confirmed in prejudice and ignorance. Efforts to instruct the young and train them in good habits are neither difficult nor disheartening. Every generation of adults is, day by day, receiving new recruits into its ranks. Let them be enlisted out of our schools, instructed as they ought to be. Let them come conscious of what they can do for themselves towards forming their own characters and making their labour worth its purchase at high wages. Let them come prepared to reason with their almost destitute parents upon the importance of beginning to save at once, let the saving be ever so small, for the sake of the habit, and with themselves of the certain damage to their dispositions from yielding to temptation to break a trust, or to pilfer the property of others.

Educational efforts for raising wages are sometimes objected to as tedious and difficult! None of you would prefer a lingering and laborious method of raising inadequate wages to one more rapid and easy. But if the first alone be practicable, you will listen with feelings of mingled scorn and indignation to those who, neglecting what is difficult but practicable, delude the miserable victims who listen to them with fallacious hopes of the easy though impracticable. They have no faith in education; nor ought they to have, considering the wretched substitute for good teaching and training understood by them under that name.

There is one circumstance connected with the rise and fall of wages which is often mentioned with dismay by those who are given to meditate upon the means

of improving their fellow-creatures. It has been observed that increased wages are made the occasion of increased dissipation and extravagance, and even idleness; instead of being turned to account in bettering the condition of those who receive them. A man not strong in faith, and witnessing such suicidal conduct, may well feel discouraged in his efforts to improve the lot of others. He knows that inadequate wages are irreconcilable with well-being. If not very clear as to the means for the purpose, he is nevertheless anxious to co-operate in attempts to raise them. But he finds that some of those who, amid the fluctuations which occur, occasionally fall in with higher wages, actually damage, rather than better their position, by the use which they make of them.

A grand opening here presents itself to the religious educator. He needs not to be told that increase of wealth, under whatever form it is presented, is an increase of opportunity for evil as well as for good; although well-being, without an adequate supply of wealth, is unattainable. How can he conduct his teaching and training, so as to place future adequate wages within the probable reach of his pupils, and gift them with the dispositions to benefit by the wealth at their disposal?

A great distinction is to be observed between temporary, partial and accidental high wages, and a prevailing high rate of wages. The former are not irreconcilable with that defective self-government which leads to misapplication of wealth; while the latter, as you have satisfied yourselves, can only be the conse-

quence of good self-government. The qualities which incline to the judicious application of wealth are a portion of those which constitute producing power; and producing capacity brings comparatively high wages to the workman. Sobriety may be fixed upon as an example of such qualities. They are also among those which lead to increase of capital; and of those, economy may be cited as an example. The religious educator competent to do the work, as well as to preach the word, bends all his thoughts in succession, to the *first requisite*—training in good habits, following it up with the *second requisite*—teaching how to know and distinguish good and bad conduct; and leading irresistibly to the *third requisite*—self-discipline, through which the understanding and the disposition jointly tend towards perfection in the knowledge and practice of duty.

In our yet imperfect state of civilization, the religious educator must be prepared to encounter grave difficulties. He has something more to do than to aid good parents in their good work well begun. He may have to wean himself from a habit of indolent reliance upon preaching and praying. He must strive to bring some alleviation to the young for the blight fastened upon them through bad, or ignorant, or careless parents. He will have to adapt his school work to the reforming of bad habits, as well as to the forming of good ones; to the correcting and obliterating a current of erroneous ideas, as well as of establishing a current of ideas leading, through good self-discipline, to good conduct and well-being.

A reformatory school, the children in which have been drawn from the haunts of vagrancy and crime, might be taken as a special place of probation to test the abilities of a religious teacher. He may not, like the physician in a hospital, have to treat incurable diseases; but he has, at least, to deal with incipient derangement. He must imitate the physician in one thing—he must spare no pains to make himself acquainted with the several complaints of his young patients. Above all, he must beware of so conducting his discipline as to lead them to hide from him the symptoms of the moral taint which he has to eradicate, lest it fasten upon them for life.

You would expect to find boys in such a school who, having been untrained, could not bring themselves to conform cheerfully to its rules or to work cheerfully at tasks demanding steadiness of application. You would not be surprised to learn that some among them were prepared to avow, without scruple, their desire to escape work. I was once present at a collective lesson in a reformatory school, upon wages, and the reciprocal duties of masters and servants. Much of what we have discussed together had been brought before the boys in a form adapted to the vitiated state of their thoughts and dispositions, when a bold and blunt answer from a boy gave a new direction to the lesson. The question was—Can your master's eye be ever upon you while you are working for the wages which he will have agreed to pay you? No. Will it be possible occasionally for you to shirk some portion of the work which he will be expecting from you?

Yes. What would you do, were such an opportunity to present itself? "*Shirk my work!*" was the unhesitating answer shouted out by one of the boys. Others in the class dissented from it.

The teacher made no sign of disapprobation at this barefaced expression of preference for idle dishonesty; but quietly proceeded with the lesson, taking care to direct his succeeding questions to the one who showed how much he needed more than ordinary moral effort in his behalf. Your school-fellows and you seem to be of different opinions. Let us examine together into this. Having shirked your work once successfully, would you be likely to have similar opportunities afterwards? and would you use them in the same way? If this continued for a long time, would you be growing up into an idle or an industrious man? Would the manner in which you worked be making itself apparent to your fellow workmen, and lastly to your master? Might you be required, in some emergency, to make extra exertion, and stick longer than usual to your work? Might you be unequal to the work, while other labourers were not? and why? What would happen to you when the discovery of your idle habits and impotency was made? Dismissal or reduced wages? What kind of wages do all, even idle, workmen prefer? Good wages. Might you not easily get good wages elsewhere? or find another master, if dismissed? No. A good master would not take me without a character; and a bad master would be sharp enough not to give me more than my worth. After you will have become idle, suffering and despised, we

may ask—Was the first opportunity for idleness, before incurable habits of idleness had been formed, a good or a bad thing for you? A bad. But such opportunities occur to everybody. Boys must learn how to use them. Is there more than one way of using them? The boy who resists one temptation to shirk his work, how does he feel at the second opportunity? better or less able to resist? Better. He gradually grows into an industrious workman, earning higher and higher wages, thriving and respected. Then, since opportunities of shirking work will present themselves, what ought we to do? What would it be best for you to be able to do? Your first answer was given because you feel how painful it is to you, at times, with your habits, to be kept to work. You are quite right to say what you think. But you and all of us are liable to think wrong, and we should always be ready to examine our thoughts and to correct them, if they are wrong. Sometimes we can assist ourselves to form good resolutions, and to keep them, if we examine what others are doing, and consider what they ought to do. Some men are idle and some industrious. Which are the happier? Which boys grows into industrious men, those who take every opportunity of giving way to idleness, or those who struggle vigorously against its temptations? The latter. Carry these thoughts away with you. You seem a courageous boy, well able, if you would try, to resist an enemy that comes openly against you. Be not less courageous and watchful against an enemy that creeps stealthily upon you, and would end by

hindering you down in slavery and disgrace. Whether your master's eye be on you or not, never let your own eye be blind to the miserable fate of those who begin by shirking their work, and end by being unable to execute it.

CHAPTER IX.

Efforts of capitalists to earn as much profit as possible—Ought these efforts to be controlled by any legal restrictions? and, if not, can they ever fail to be beneficial to society?—Influence of these efforts upon the condition of labourers—Engagements of capitalists among one another—Borrowers, lenders and partners—Tendency of profits to distribute themselves among capitalists according to their several qualifications—Insufficient wages of labourers not attributable to the large profits of capitalists—Why labourers do not seek service with incompetent employers—Capitalists who earn the largest profits most likely to employ the best workmen, and to pay the best wages—Incapable workmen avoided by capable employers—Their low wages to be accounted for by their lack of producing power—Duty of all classes, not of employers in particular, to assist in removing the causes of low wages through the better teaching and training of the young—Field of usefulness yet imperfectly explored by the religious educator.

THE questions next in order for our consideration refer to the conduct of capitalists. What have they been in the habit of doing? What ought they to be permitted to do? Or what ought they to do of their own accord if unrestricted? The aim of all capitalists is to obtain profit. They have refrained from the consumption of wealth in order to provide for probable future wants. They are led to apply this wealth as capital, and to superintend its application as a means of providing more for probable future wants. Are they all equally successful in their attempts at earning profit? No? Some understand better how to administer their capital, and some are more vigilant, enterprising and expert in its administration. The daily records of life

are perpetually telling us of capitalists who have realized large profits, and also of capitalists who, in their attempts to obtain profit, have not only been unsuccessful, but have actually lost their capitals.

Of two farmers, each possessing abundance of stock and implements of husbandry, and the means of hiring what labourers they need, the one who has in perfection the knowledge and habits that qualify for the direction and control of all these, will earn a larger profit than the one who has a less perfect hold of these qualities. Of one, the stock will thrive and the crops will flourish; while of the other, the stock may pine and the crops fail. Varieties of qualifications must lead to various degrees of success among capitalists in every branch of business. We will only institute one more comparison—one between two manufacturers. They have first to plan and build their factory, then to arrange and distribute the work to be done among the numerous workpeople in their employment, and to preserve order and efficiency among them. They have, besides, to understand everything connected with the raw material of their manufacture, and where to obtain it at the smallest cost; and, lastly, they must turn out their manufactured article of the quality and form best adapted to the taste of purchasers, and ascertain when and where these purchasers are to be found. One can perform all these duties of his position in perfection, the other but indifferently. Will not the profit of the former greatly exceed that of the latter? Whatever circumstances in addition may lead to different amounts of profit among capitalists, there can be no doubt that

these differences must be partly determined by the relative degrees of perfection in which they possess the good qualities.

In the case of capitalists among whom we can distinguish no superiority in regard to their respective qualities, the character of the employments which it is open to them to engage in will also lead to a difference of profit. If we divide the employments of capitalists into two classes, the comparatively attractive and the comparatively repulsive, what but the prospect of the larger profit obtainable in the latter would induce capitalists to embark in it? We need not go over again the ground so carefully examined when considering the causes of differences of wages.

Is there anything else which would be likely to occasion differences in the amount of profit earnable by different capitalists? For example, if we take the case of any two capitalists engaged in similar employments, and equally possessed of the desirable qualities, will their profits be equal? To be more specific, will two builders, or two shipowners, or two merchants, so circumstanced be likely to earn equal profits? Are there any other matters which we have not yet noticed, but which might lead to differences of profit? What would be the consequence if one of the builders had a quantity of tools and material and other requisites for his business double that possessed by the other? if one of the shipowners had twice as many ships with their appurtenances as the other? if one merchant had twice as much capital as the other? Equal in all other respects, would the possessors of the larger capitals

obtain larger profits? If not, would they not divest themselves of their superabundant capitals, and then earn the same profit with their smaller capitals? But the capital of which they divested themselves, wherein should it differ from other capital that its administrators cannot earn a profit by its employment?

There is no escape from the conclusion that of two capitalists equal in all other respects, the one in possession of the larger capital will earn the larger profit. The usages that have sprung up among capitalists for the purpose of attaining the most profitable employment of capital furnish us with the means of judging how much of the total profit earned ought to be assigned to the qualities of the capitalists, and how much to the quantity of their capital. They borrow capital and pay for its use. They lend capital and receive for its use. What passes from one to the other, besides the capital, is some agreed amount proportioned to the magnitude of the capital and the length of the time for which it is lent. It goes by the name of "interest." Profit, on the contrary, is an uncertain quantity. The arrangement in borrowing capital generally is to pay a certain interest for the year for each 100*l.*, and for shorter periods in proportion. The amount of interest for each 100*l.* is called the "rate of interest." Thus the rate of interest is said to be 2, 2½, 3, 5, or 10 per cent. per annum.

Once possessed of the knowledge at what rate of interest capital is borrowed, can we not judge how much of any capitalist's profit is attributable to his capital, and how much to his personal qualities? If we

were informed of two capitalists, with equal capitals, say with 10,000*l.* each, and equal in all other respects, should we not expect that their profits would be equal? We might fancy them to be earning each 2,000*l.* per annum. If we next introduce a third capitalist equal to the others in all respects except that his capital is only 5,000*l.*, and that, in consequence of his deficiency of capital, he is prevented from realizing more than a profit of 1,000*l.* per annum, what may we feel certain he would do, if the rate of interest at which capital could readily be borrowed were 5 per cent.? He would borrow 5,000*l.* capital, and with it earn another 1,000*l.* profit, and thereby place himself on a level with his two co-equals, excepting only the 250*l.* interest due by him to the lender of the 5,000*l.* capital. We might even suppose a fourth administrator of capital, also equal to the others in qualities, but possessing no capital of his own and yet inspiring capitalists with so much confidence as to be trusted by them with 10,000*l.* capital at the same rate of interest. His profit would be 2,000*l.* per annum, out of which he would have to pay 500*l.* interest. The income of each of the two first administrators would be 2,000*l.*, that of the third 1,750*l.*, and that of the fourth 1,500*l.* The remuneration for the administrative capacity of each would be the same, say 1,500*l.*, their capacities being equal. The remuneration for the use of capital would be equal with the two first, say 500*l.*, because their capitals were 10,000*l.* each; that of the third would only be one-half of each of the two former, because his capital was only

5,000*l.*; and that of the fourth would be *nil*, because he had no capital.

Unless some other reason intervene to which we have not yet adverted, it might be expected that the efforts of capitalists and administrators of capital would be uniformly directed to the earning of the largest amount of profit, regard being had to the agreeables and disagreeables in the circumstances under which the administration of the capital might have to be conducted; and that such part of the profit as might attach to the possession of capital would be settled by agreement between borrowers and lenders, the first striving to pay as little, and the second to receive as much interest as possible for capital on loan.

Perceiving no other reason that can intervene, we still feel bound to ask—Ought capitalists and administrators of capital to act in this way? And here, again, let us not pass lightly over the import of this word “*ought*.” What ought all people to do—that which promotes, or that which impedes the general well-being? Clearly the former? Then, before we agree upon our verdict in this instance, before we can decide whether capitalists ought to be ever labouring to earn the largest profits, we must ascertain what will be the effect of these labours of theirs upon the well-being of society. An investigation of the actual proceedings of any administrator of capital would answer our purpose. Shall we fix upon those of the farmer, manufacturer, merchant or carrier? You prefer that we should begin with the proceedings of the farmer. We will visit him

unexpectedly, and take him in the midst of the ordinary routine of his work, with all his stock and implements, and the distribution of his labourers according to their several capacities and the call for their services, on the different parts of the farm. On inquiry, we find that the rotation of his crops, the stock that he is breeding and fattening, and that which he is sending to market, as well as the occupation of his labourers, are all determined by his estimate of what will lead to the largest profit. Is that the consideration which ought to weigh with him? He is not only performing and completing work already planned, but he is meditating upon future works. He asks our advice. Shall he sow wheat, or oats, or barley, turnips, or clover? Shall he dress his land with farm-yard dung or bone, or guano? If any one of these courses would probably leave him without a crop, while another might be expected to yield him a large crop, which should we recommend, looking to the morality of his proceedings, that is, to their probable effect upon the welfare of society? He has corn or hay or sheep ready to take to market. He hears of three or four different markets. Shall we advise him to send them to the one where he will obtain the lowest price, in the belief that he ought not to be seeking high prices? Or, do we think that he would really be directing his supplies to the markets where they were most needed if he sent them to the buyers who offered the highest prices? He wants to replace some of his agricultural implements. He inquires and inspects, and finds that many different kinds are to be had at the same cost, some of which will enable his

labourers, acting under his superintendence, to obtain for him much more produce out of his farm than the others. Which shall we advise him to purchase? Or, implements of equal efficiency in his opinion are offered to him, but some at much lower prices than others. Should he purchase the high priced or the low priced? Independently of what would best suit his own special object, whom ought he to encourage? the maker of the best implements at the lowest cost, or the maker of inferior implements at a higher cost? What ought to be our advice to him, if he appealed to us?

Uppermost in our thoughts all this time will be the condition of the labourers who worked on his farm. In our present state of semi-civilization, we can scarcely expect to find them all, in the highest sense of the terms, industrious, intelligent, skilful, careful, sober, trustworthy, and zealous in the performance of their duties. The farmer will complain to us of the shortcomings of many of them. He will tell us how he employs the best of them in the places of greater trust, and gives them the higher wages; that there are some among them who give him much cause for dissatisfaction, and from whom his eye cannot safely be averted, and whom he would gladly replace by others if he could be sure to better himself. But he has learned to hesitate in dismissing those whose defects experience has shown to him, to take up with others who on trial may prove to be worse. He had just dismissed one whose drunken and irregular habits not only made his labour unequal to his wages, but were endangering the morals of the younger labourers on the farm, disturbing the peace

and comfort of all, and impeding the work. This course of conduct, he tells us, is the best in his opinion for the profitable working of his farm. Does it also conduce to the best and largest crops for the general benefit of society, and to the encouragement of the best qualities of the labourers? Or in what respects would we advise him to change the course which he had adopted?

We have yet some observations to make on the condition of the labourers. We find their cottages far too small for their families, the accommodations inadequate to the ordinary decencies of life, their furniture and clothing meagre, health and morals alike in jeopardy. But they tell us, that what we see is all that their wages will afford, even with a short allowance of food of indifferent quality. "This is most sad," we say to the farmer. "Is it true?" With most of them it is. Then why, we might ask, do you not give them better wages? Is it not cruel to leave them thus underpaid? The farmer would tell us, perhaps, that he laments their state as much as we do, but that it is out of his power to alter it. The whole of his capital is employed, and if he could borrow more, he does not know that he would be able to employ it to a profit. And, besides, the capital which he might borrow, would be withdrawn from providing wages for labourers elsewhere. He pays as high wages as his neighbours—indeed higher, because he has always tried to get superior men and attach them to him. He does not say this boastfully. He thinks that in this way he really gets more out of his men in proportion to the wages which he pays. He had lived to see some of his neighbours sold up, and their

labourers thrown out of employment for a time. Even now the year seldom goes round without our having some able-bodied men thrown upon the parish; and if I were to give higher wages than I do, I should have to employ fewer labourers than I do, and thus turn some adrift to seek wages elsewhere, or fall back upon the poor-rates. It appears that the farmer has been doing the best he could to earn profit. Has he also been doing what is best adapted to benefit society in general and his labourers in particular? Or what better could we suggest to him?

In our examination of the farmer's proceedings, we have confined our inspection to what he is about as a capitalist or a superintendent of capital. You would not be likely to omit inquiring how he conducted himself in a wider sphere—that of a man. He is son, husband, father, citizen, as well as capitalist. As a capitalist he succeeds, and by succeeding he benefits society. He earns an income in the shape of profit. How does he appropriate this income? Has he more than enough to provide satisfactorily for his family and himself? If he have, how does he apply this surplus? Does he attend to the wants of his destitute neighbours, and especially of their children? Does he strive to prevent their being cut off from that teaching and training, the want of which has blighted the existence of their parents? The duties indicated in these questions are common to all who have incomes at their disposal, from whatever source derived. They are not specially allotted to administrators of capital, whose business it is to earn the largest possible profit by the

most judicious application of capital. Considered as duties of all possessors of wealth, they are binding upon them rather in their capacities of consumers or spenders, than of producers or earners. Correct notions concerning the performance of these duties are more likely to be arrived at by asking how a man ought to spend his income, than by asking how he ought to use his capital.

We might visit the establishments of other administrators of capital, and ask the same questions with respect to all their proceedings. If we see on all hands efforts at buying the best and cheapest, at organizing and contriving so as to produce the best and most abundant at the smallest cost, and in selling at the highest price, where would we recommend a change for the better? Could we point out to these administrators some way of doing good to society more efficacious than that of striving to earn a large profit for themselves?

An exemplification has been given to the world within the last twenty years, of the results, on a large scale, in one department of industry, of this effort to earn profit by what is intended to be the best application of capital. From small beginnings, the larger part of the traffic on the turnpike roads has been gradually drawn to the rail. A capital, estimated at nearly 400,000,000*l.*, has been diverted from other departments of business to that of railway traffic. With what view? with that, in the opinion of its abettors, of earning a larger profit than was obtainable elsewhere. And what has been the effect on the public of this profit-hunting of capitalists? Has it supplied them with a compara-

tively cheap, rapid and safe means of transport? What has been the effect upon the labourers employed as compared with those employed on the old coach roads? Has it exhibited before the eyes of the public a vastly superior body of men, partly the result of our general progress in civilization, but principally the result of an improved discipline under a higher development of administrative capacity in those entrusted with the application of capital?

There are many things presented to our notice here which will demand a more thorough investigation by and by; but we must bestow a few moments' attention, even now, upon the comparative advantages and disadvantages of coalitions or associations, or partnerships between two or more capitalists. Why do capitalists associate? In some cases to earn a profit larger than could be obtained by isolated efforts. In some cases to earn a profit otherwise unattainable. But will not a coalition for the former purpose force all who, with small capitals, are engaged in the same business, either to abandon their work, or to conduct it in the same manner? And would not this be a great hardship upon those who, by long habit, had become disqualified for working under new arrangements? It would. But this is necessarily the fate of all who cannot accommodate themselves to each industrial improvement as it crosses their path. If an improved administration of capital, through association, supply the community with a larger quantity of some commodity and of better quality than could be supplied by individuals acting independently with the same capital,

is not this a similar effect to the one produced by substituting the plough for the spade, the steam-boat for the hoy, the bridge for the wherry, the locomotive for the horse, the electric telegraph for the semaphore and mounted courier, the printing-press for the penman? Which ought we to do? to stop all the new productive powers and arrangements, or teach our young that these repeated substitutions of superior for inferior agencies is part of the conditions of progress, and that all who would not suffer by what confers such immense benefit upon society must qualify themselves to work under the improved arrangements?

There yet remains something to be asked concerning the lenders of capital. Why do they lend, rather than use their capital? Some are trustees of infants, and others incapable of managing their own property. Some are professional men whose talents, and time are wholly absorbed in their professions. Some are labourers to whom it is more advantageous to sell their labour to other capitalists or companies of capitalists, than to work with no other aid than their own small capitals. They earn more in this way. Could you show that they might benefit society more by acting differently? But to whom do we find them lending? As a rule, to those who with the best security, offer them the highest rate of interest? But ought they to do so? Ought not they rather to lend to those who can only afford to pay a lower rate of interest? How would you advise them? Let us examine the consequences to others, as well as to the lenders, of this habit of seeking the highest rate of interest. Let us imagine ten

capitalists each wishing to lend 1,000*l*, and ten farmers each wishing to borrow 1,000*l*. Meeting with one another, the mutual accommodation would soon be arranged. But if, while the lenders remained as before, there were twenty farmers anxious to borrow, which ten would be unable to borrow and which would be able? If ten of these farmers calculated upon deriving a profit of something less than ten per cent. from the contemplated outlay of capital, while the other ten anticipated twenty per cent., which ten would obtain the loan of the 1000*l*. capital? *Most probably* the last ten; because they could afford to tempt the lenders by the offer of the higher rate of interest. Is it best for the farmers collectively that the ten most capable, or the ten least capable among them, should attract the loanable capital? Administered by whom will society obtain from capital the largest quantity of wealth to supply its wants and forward its civilization?

Besides the farmers, there would be employers of capital in other branches of business bidding for the loanable capital. They would have to give way before the farmers, or would obtain a preference over them in obtaining possession of this capital, according as they offered a less or greater rate of interest, with equal security. And it must be obvious that the borrowers who obtained the use of the loanable capital, because they were able to employ it more profitably than others, would, for the same reason, be more likely to remain undisturbed in the use of it.

The qualification expressed by the words "most probably" is not to be lightly passed over. In borrow-

ing and lending, as in hiring and serving, in buying and selling, and in other transactions, there are difficulties in the way of bringing those parties together who can most benefit one another. In actual life, the borrower who could afford to give the highest rate of interest cannot always meet with a lender; and lenders are often obliged to resign themselves to lower rates from some borrowers than others would gladly give them. We shall have occasion to examine the contrivances and arrangements that have been devised for making known to borrowers and lenders their mutual wants, and for bringing them together. Meanwhile, we can scarcely doubt that among all borrowers equally able to inspire confidence, those who can employ capital most profitably are more likely to attract the loanable capital to them, than the others who, of course, cannot afford to come up to them in their offers of interest.

Our great industrial associations enable us to examine the workings of this effort to lend at the highest rate of interest on a large scale. There is a wish, it is thought by some of the enterprising pioneers among us, for better conveyance by land and water, for better dock and warehouse accommodation, for improved manufacturing arrangements, for more effective agricultural agents. They organize associations of capitalists to carry out their projects. They find that they want capital on loan beyond what they have subscribed among themselves. Collectively they would borrow more capital than is to be had on loan. Which of the concerns ought to give precedence to the others? those which are likely to yield to the projectors the

larger profit, those which are likely to yield the smaller profit, or those which are most likely to prove failures? The latter to both the others, and the second to the first? But this result, so desirable for the community, is precisely what is brought about by the efforts of lenders to lend their capital to those who offer the highest rate of interest with the best security. Out of the large capital embarked in railways, more than one-fourth part is borrowed; and most of our large dock, canal, water and gas companies are borrowers, to the great convenience of themselves, the lenders, and the community at large.

The conclusions which we have formed may be expressed as follows: that the efforts of capitalists to obtain the largest possible profit by its administration, and, where it does not suit them to administer it, to obtain the highest rate of interest compatible with perfect security, are calculated to confer the greatest amount of benefit upon society, to give the best wages and industrial instruction to their labourers, and to hold out the best possible encouragement to the kind of conduct which we have already characterized as good. It need not surprise you to hear these conclusions objected to in some quarters. You may be told that capitalists occasionally try to earn large profits by fraudulent means, and may be asked whether you would sanction this kind of effort to obtain large profits. Among ourselves we could not raise such an objection. We have already provided against it by what we have agreed must be done by Government for the protection of the industrious against fraud and force,

and what education ought to do in order to avert the necessity for legal interference. Attempts to obtain profit fraudulently ought to be considered quite as absurd as attempts to obtain profit ignorantly. The latter attempts must be foiled. The former ought to be frustrated through the sagacity and vigilance of the good, aided by Government-support. Both ought to be of rare occurrence, day by day becoming rarer and rarer through indisposition to engage in them; the knowledge of the evil in which they must result and the habit of acting under the guidance of such knowledge being day by day more thoroughly imparted to all.

To those who have not followed our course of investigation, we might venture to remark that a knowledge of the A, B, C, of the rights of property and of the importance of a pervading sense of security against frauds and force is indispensable for qualifying them to take part in discussions on the "morals of wages and profit"—on the duties which capitalists and labourers owe to each other, and the conduct which the individuals in each class ought to observe among themselves.

Our investigations up to this time have furnished us with evidence enough, and more than enough, to satisfy us that the knowledge which we have acquired is indispensable for self-guidance and no less indispensable for those who would interfere with advantage in advising or correcting others. Nevertheless, there are many, who take a deep interest in the welfare of their fellow-creatures and exert themselves greatly in their behalf, who have never been led to bestow a thought upon the acquisition of this knowledge. The proceed-

ings, partly real partly imaginary, of capitalists and labourers, of masters and servants, of the well-off and ill-off, flit before their eyes, appeal to their feelings, and bewilder their understandings. They pity the ill-fed, ill-clothed, and ill-housed, and wish, as we do, to see their condition improved. The wages of these miserable beings are insufficient to supply them even with the bare necessities of life. A cry is raised for better wages. We ask, Whence are better wages to come? The offhand answer is, Let the master give more. The difficulty that we are compelled to point out as being in the way of relief from this quarter is that each employer has the whole of his capital employed, and that, accordingly, if he were to raise the wages of his less competent workmen, he must lower those of his more competent. In order to give to some more than an equivalent for what they can produce, less than an equivalent must be given to others. Could we avoid asking here, Would the adoption of this recommendation encourage the perfecting and spreading of all the good qualities as much as the course now pursued? Would it promote the increase of future capital and hence of future wages? Would it circumscribe or extend future destitution?

There being no relief obtainable through an altered appropriation of capital, and nought but mischief and aggravation of misery in the attempt, these well intentioned, but ill-informed, people have made their next attempt to procure relief for poorly paid labourers out of the employer's property. But these questions start instantaneously to our lips: Are not the capitalists who

earn the largest profits those who generally have the best paid workmen in their employment? Are not the more destitute labourers those who serve the least thriving masters? and the most destitute those who are thrown out of employment by the stoppage of bankrupt concerns? Out of what profits are these labourers to be relieved? Do workmen, as a rule, seek service in the best conducted and most profitable establishments, or in the worst conducted and least profitable, and why?

The tendency in wages and profit to a distribution among labourers and capitalists in proportion to their respective qualifications is incessantly assisting to uphold good conduct and good habits. But we must not expect that industrial arrangements and the mutual influence of employers and employed, the former seeking the best servants, and the latter looking for the best masters, will do more than uphold good conduct and good habits. They are not to be relied upon for forming good habits or for inducing good conduct not already prepared by educational appliances. To enable the discipline of life to be thoroughly operative for good, it should be preceded by the discipline of school. Let care be taken that all the young may come to their work accustomed to ask and able to answer the question, "What ought we to do?" and accustomed to consider themselves under a deep obligation to act up to the answer dictated by their intelligence.

I hope you feel that you have not rushed into the conclusions that we have so far arrived at, nor allowed yourselves to yield up your assent on any one point

except after most scrupulous examination. I have wished rather to excite than to allay suspicion and incredulity, so that your convictions might be not formed through predilections in their favour, but be forced upon you through a power of evidence quite irresistible by conscientious inquirers. At times, I may have appeared to linger longer than necessary upon conclusions already admitted, and to heap proof upon proof where more than enough had been already supplied. But if there ever can be an excuse for over-caution, it must be on subjects like these which bear so immediately upon the dearest interests of society, and in the carrying out of, the acting up to, which, no hesitation, no lukewarmness is to be tolerated.

A comparison between the conclusions at which we have just arrived in regard to the functions and duties of capitalists, and the incoherent vagaries and mischievous superstitions afloat in regard to them, opens to our view an extensive field of usefulness as yet imperfectly explored by the religious teacher. He has a twofold purpose in striving to lift people out of want. He would save them from pain, and also from crime. Want is pain or evil; it also exposes to temptation, and temptation leads to crime. Must not that religious teacher think meanly of himself who, with a knowledge of these truths, could bear to lead his flock in their prayers to be kept out of temptation and to be delivered from evil, feeling himself unable to instruct them how to act so that their prayers may be listened to?

The thoroughly competent religious instructor has

mighty duties to perform towards the young in opening their understandings to the obligations which they owe to the administrators of capital. Can the duty of man to man be said to have been properly taught, when children are neither able to distinguish useful from useless and mischievous men, good from bad conduct; nor to decide which among their elders are the proper objects of their affection, respect and admiration; which they should look up to as models to be imitated; and which they should look down upon as examples to be shunned? May we not affirm this much—that all the young should go forth from their religious instructors, inspired with sentiments towards the administrators of capital corresponding with such conceptions as the following in regard to their functions?

1. That they are the conservators of wealth: this wealth being in their keeping because it is partly their own—the result of their own industry, intelligence, and economy, and partly belonging to others, but trusted to them on account of their known integrity and administrative capacity.

2. That under their superintendence and responsibility all those works are carried on which have for their object increased supplies of wealth in the future, and enjoyments and advantages innumerable besides.

3. That in proportion to the success with which they conduct their operations for conserving and increasing wealth, so do they most effectually encourage the growth of good qualities among the labourers who receive from them wages proportioned to their respective merits.

4. That it is part of their business to distribute the various kinds of merchandise among the inhabitants of all parts of the world where it is likely they will be most wanted and best deserved.

Pupils thus taught will not conduct themselves so as to reflect disgrace upon the religion which they profess, nor continue to be misled, as too many are, by noisy brawlers and empty declaimers, who attribute the sufferings of the poor to the wealth of the rich, the smallness of wages to the largeness of profits, and who can pour forth in every form of expression, except the lucid and coherent, denunciations against the rich—the provident. Wealth—the means of existence, is denounced under the name of riches. Profit—the reward of those who preserve wealth for the future and increase it, is denounced under the names of filthy lucre and sordid gain. Interest—the mode of participation in profit open to the young workman, the widow, the orphan, and the infirm, is denounced as usury: the good and bad qualities of those engaged in conserving and increasing wealth being jumbled together, and loaded with obloquy or bespattered with praise indiscriminately. It is high time that our religious instructors should save us from such deplorable exhibitions of moral confusion passed off, too, in the name of that religion which it is their mission to represent as the enlightener and improver of mankind.

The young workmen who, year by year, quit the school for the industrial world, should have a lively sense also of this fact—that they comprise among themselves the future administrators of capital. This will

help them to see through the common fallacy which represents capitalists and labourers, employers and employed, masters and servants, as two distinct and antagonist classes, instead of being greatly intermixed and perpetually passing from one class into the other.

Strange that the successful capitalist should be held up to detestation ! Is it not true that the outward and visible sign of the inward unfitness of the capitalist for his office is his want of success ? Will it not be an improving thought for young workmen to carry about with them, that all who aspire to be administrators of capital are bound to prepare themselves for the new responsibilities which they intend to assume ? To undertake the duties of an administrator of capital unqualified for the work, should be viewed as a sin. The law insists, to the extent of its power, that certain qualifications shall be required previous to the undertaking of some duties, such as those of a physician, surgeon, lawyer, and captain of a ship. But an education which deserves to be called religious, inspires those who have the benefit of it with a sense of the duty of insisting for themselves upon the possession of the qualifications essential to the successful performance of whatever duties they may undertake. To work, to learn, to serve faithfully in some useful calling—these are duties indispensable to all. Not to strive for excellence in the performance of them is a sin. But to command and direct in the application of capital is a duty forced upon nobody—it is voluntarily assumed. Not to aim at excellence in performing that to which one is, as it were, self-elected, is a much more heinous sin. And

when we consider what the duty of the administrator of capital is—that it is to conserve the wealth of society ; to bring about its increase ; to apply, to concentrate, to distribute, to organize, and direct the knowledge, skill, and labour of the workmen, and to proportion the wages to the producing power of each : how can we condemn too severely the grievous offence of which that man is guilty who enters upon the duty unprepared, or is slovenly and unconscientious in its performance ? How, as sensible and religious members of society, can we grudge him that profit which marks the success of his efforts to serve others ?

CHAPTER X.

Landlords and tenants—Property in houses and lands—Rent—

Practice of letting, ought it to be permitted—Efforts of landlords to obtain the highest rents and the most competent tenants—Efforts of tenants to obtain farms on the most favourable terms—Result of their joint efforts as affecting the welfare of society—Importance to all that the occupancy of the land should be committed to those who are most capable of so managing it, as best to meet the general wants and wishes—Claims from previous connection of long standing—Lax management of their land by landlords no benefit either to tenants or to labourers—High rents no cause of loss or of inadequate profit to farmers, nor of insufficient wages to labourers—Landlord and tenant morality—Landlords considered as men with superfluous wealth—Duties of tenants to landlords, as well as of landlords to tenants—A subject the study and exposition of which cannot be safely omitted by religious teachers.

WHEN considering the distribution of duties and the proceedings and arrangements growing out of the division of labour, we noticed the facilities thereby afforded for the gratification of the various tastes and peculiarities of individuals, and also for the exercise of their comparative excellencies of endowment, physical and intellectual. The practice of lending and borrowing capital has placed similar facilities at the disposition of capitalists, some of whom may take upon themselves much more than their share of the labour and responsibility attached to the administration of capital, while others can divest themselves of the greater part of this labour and responsibility, still retaining, however, a very considerable income from their capital in the

shape of interest. We have seen reason to think that the lenders of capital do all that is required of them as capitalists if they are diligent in disposing of their capital so as to obtain for it the highest rate of interest, due regard being had to its security; without reference, of course, to the judgment which we might have to form on their conduct in respect of other duties, whether they be employed in some industrial occupation, or entirely at liberty to apply their talents and incomes according to their notions of what becomes them as men.

Do we observe any other men similarly situated in this respect to lenders of capital? Are lenders of capital the only class of people who seem enabled to subsist released from all necessity of labour except that of looking out for the borrowers who will give them undoubted security and a good rate of interest? Who possess all the buildings and houses that have been handed down from past generations, and which are being kept in repair, rebuilt, and increased in number continually? Are the people who occupy them as business premises, or live in them as dwellings, the proprietors of them? No? How then do they obtain possession of them? They pay for that purpose. But if they purchased them, they would be the proprietors? Certainly, but they do not purchase, they only pay so much a year, or quarter of a year, or month, or week, according to agreement, for the right of occupancy. Do you know what name is generally given to the payment made by the occupiers to the proprietors of houses and other buildings? "Rent" is that name. Is

this same name given to the payment made for the right of occupying anything besides buildings? Yes, and particularly for the right of occupying land. Are not the farmers generally the owners of the land which they cultivate? No. They pay rent for the right to cultivate. The parties who occupy and pay rent, whether for buildings or land, are called tenants. The proprietors of the buildings and land are called landlords; and by a curious adaptation of language, when the proprietor of the land is not also the proprietor of the building upon it, the former is called the ground-landlord.


What a host of questions seem to arise out of these contracts between landlords and tenants! What can have led to this practice of letting and hiring? What causes landlords to prefer one tenant to another? By what considerations ought they to guide their conduct? Of course, you have heard of unfeeling, hard, oppressive, rapacious landlords, and also of tenants unable to pay their rents, and sometimes planning to outwit their landlords and escape from what is called their rapacity. You may also have heard the custom and right of property in land severely censured, and the propriety of excluding any man from some share of the earth on which he is born, stoutly denied. In fact, the right of property in land at all is respected by some well-disposed people, according to their own explanation, only because opposition to it on their part would be vain. The institution of the right of property in the produce of labour they regard as good, and would respect it as a moral duty; that of the right of property in land they respect

as a legal obligation from which they would emancipate themselves if possible.

Is it wise or safe to leave these questions unsettled, and these objections unanswered? Ought the young among us, who are preparing to enter upon the trials and engage in the duties of life, to go forth uninstructed upon these subjects? Will it conduce to their happiness and the peace of society, that they should start unsettled in respect to what ought to be considered the reciprocal rights and obligations of landlords and tenants, and whether it is or is not scandalous oppression on the one hand, and cruel privation on the other, to find, as it were, some born lords of the land and others appearing to rest upon it as if by sufferance? However important you may consider instruction in the reasons for preferring one set of qualities to another, and for training to the practice of the better qualities, you would not dispense with that additional instruction which will place beyond doubt or cavil whether a landlord should be ranked among evil-doers to be resisted, or among participators in good works to be treated as friends and respected accordingly. We owe it to ourselves not only to cultivate the disposition to promote what is good and to resist what is bad, but to ascertain beyond all possibility of mistake which is the good to be promoted, and what ought to be resisted as bad. We owe it also to the young to put them in the way of ascertaining as much for themselves.

Buildings being as much the produce of capital and labour as any other description of wealth, we may as well begin by examining what has given rise to this

practice of hiring as between landlord and tenant, instead of, or in addition to, the ordinary practice of buying and selling. Where builders construct dwellings or business premises for others on terms agreed beforehand, they calculate, as a matter of course, their cost; and the excess of what they receive on the completion of their work over this cost, constitutes their profit. The parties for whose account the premises are built, or who purchase them, generally look out for tenants to whom it is more convenient to pay an annual rent than the purchase-money. The parties who invest their capitals in houses might have lent their capitals out at interest on good security. In purchasing buildings, therefore, in order to let them, the least that they would calculate upon in the shape of rent would be the interest of the purchasing capital, supposing the same to have been lent at the prevailing rate of interest, and something besides, to compensate for the trouble and expense of keeping the buildings in repair, and for eventual rebuilding. They would be on the look-out to obtain as much more than this as possible. Might they expect to receive much more? Or would the action of capitalists, similar to what may be observed in other branches of business, anxious to obtain rents far larger than the interest obtainable on their capitals, cause more capital to flow into the building business, until the rents were reduced somewhat in keeping with the amount of interest obtainable for the loan of equivalent capitals? It might be expected that as all capitalists are on the alert to obtain as much income as possible from their capitals, further investments in



building would take place if the rent exceeded the interest obtainable on the capital much more than enough to counterbalance the trouble and outlay requisite for sustaining the buildings; and that investments in buildings would be suspended if the rents obtainable from tenants did not equal the interest of the capital, and compensate besides for the trouble and outlay of sustenance.

But there is an impediment in the way which prevents the action of capitalists, through an increase or diminution of their building operations, from establishing a proportion between rent and capital, in uniformity with that which prevails between interest and capital. They cannot obtain fresh sites of unoccupied ground equally suitable as those already built upon. It is this impossibility of procuring more than a very limited number of sites equally eligible for buildings which has given rise to such different amounts of rent for buildings differing but little in cost. But for this impossibility, where the rate of interest is five per cent., if three per cent. would counterbalance the trouble and outlay of sustaining buildings after their erection, houses costing 2,000*l.* would continue to be built, provided tenants for such houses were to be had willing to pay 160*l.* per annum. In many parts of a large town like London, however, we see houses of no greater cost letting for 300*l.*, 500*l.*, and even up to 1,000*l.* per annum. Why do tenants give such rents? They would not submit to them if they could gain possession of the premises which they wanted on lower terms; and the landlords would be remunerated by

lower rents for the capital expended on their buildings. Where these rents are paid by the occupants, it must be evident that other tenants might be found to pay as much, or nearly as much. Why, then, are tenants willing to pay such rents, rather than yield the occupancy to others? In some cases, because by occupying those particular houses, they can earn much more profit with the same capital than they could earn elsewhere: and in others, because they could enjoy much more satisfaction, owing to air, aspect, or contiguity to favourite places of resort.

As an example of the first, we may instance a warehouse so situated, that the expense of receiving and delivering merchandise on and from its floors is less by 1,000*l.* a year than that of the same operations in any other warehouse that is to be had; or a shop in a large thoroughfare which attracts ten times as many customers as a similar shop in one of the bye streets. The rent of these buildings is clearly resolvable into three separate items: 1. interest on the capital expended; 2. compensation for the wear and deterioration of that capital; and, 3. an equivalent for the larger profit earnable, or the greater satisfaction enjoyable in one particular site than in others.


The land under cultivation, pasture and arable, entitles its proprietors to similar varieties of rent. From time to time considerable capitals have been expended on the farms throughout the country, in buildings and improvements; but the proprietors of these farms with improvements upon them have frequently no inclination to undertake the cultivation, either wanting the requisite

skill and experience, or having other pursuits incompatible with such employments. Accordingly, they let their farms; and farmers, or persons who have made the cultivation of the ground their special business, are sure to be found willing to pay a rent as tenants for the privilege of using these improvements. Farmers disposed to cultivate ground upon which no capital had been expended in buildings and improvements, would have to apply their own capital to these purposes. Where capital had already been expended upon the land, it might be a matter of bargain whether they would, on taking possession of the farm, pay an equivalent for the capital expended, or a rent for its use. As the payment of rent is the course usually adopted, it must be obvious that the amount of rent will not be less than the interest of what there would have been to pay for the improvements, and something more than that if the tenant did not undertake to restore the farm at the expiration of his term of tenancy, with all the buildings, &c., thoroughly maintained.

While on all sides tenants are to be found ready to pay this amount of rent, we see many eager to pay a great deal more rather than not secure the occupancy of certain farms. The consequence of this feeling of preference among tenants, for one farm over another, is that rents are paid for farms upon which there has been very little difference of expenditure of landlord's capital, varying from 100*l.* to 1,500*l.* per annum. What can be the cause of this feeling of preference? If it could be shown that there are farms apparently similar in all other respects, in some of which the soil

is of great fertility, while in others it is barely worth cultivating; in respect of some of which, a neighbouring town or adjoining high-road or canal affords a market accessible at small expense, while, in respect to others, a large cost of carriage must be incurred before produce can be sold or supplies obtained: would these differences in fertility and advantage of position account for the desire shown by tenants to occupy some farms in preference to others? Would it explain why some landlords, without an effort, can obtain a large rent, while others can obtain little more than a compensation for the capital invested in their farms? Does it not appear as if the rents obtainable for farms would, by the mutual bargaining of landlords and tenants, so settle themselves that the several tenants, after paying their rents, will be placed on an equal footing, due allowance being made for the capitals and administrative capacity which they respectively bring to their work?

In all the more civilized countries of the earth a right to property in land has been conferred as well as to property in wealth. And this property is bought and sold, bestowed in gift, and lent or leased as generally as any other kind of property. We observed that the practice of lending capital tended to confer its administration upon those who are most competent to produce what is most wanted in the greatest abundance for the community. Is the practice of letting land attended with like result, or otherwise? Until we have answered this question, we can scarcely pretend to judge of landlord and tenant morality; or to




decide, if the matter had to be settled in regard to a country not yet occupied, whether it would be better to deny to individuals a right to property in land, making the community the one universal landlord acting through agents specially appointed to turn the land to the best account.

The thought uppermost in the mind of any intelligent landlord, about to let his land, would be, "What is the character of the man who offers himself as my tenant?" The trust reposed in a tenant is great; and his power of injuring the property of his landlord by his misconduct is considerable. On these grounds we should expect to find a strong and prevailing disposition in landlords not to part with tenants who had been long occupants of their lands. A new tenant, however careful a landlord may be in ascertaining his character, must be taken to a certain extent on trust, whereas, an old tenant has been tested. The old tenant, therefore, may be continued at a lower rent than would be accepted from a new one. The apparent loss of rent would be fully compensated by the greater security resulting from confidence in one who had fulfilled his engagements for years. Besides, where landlord and tenant had been long connected together, a feeling of attachment will have grown up, producing a reluctance to separation on both sides. This feeling is common in this as well as in other relations of life, such as master and servant, customer and tradesman; client and lawyer, patient and physician, and modifies the money or wealth consideration which might be insisted upon between strangers. The larger part of

the land in most countries, in harmony with these feelings and attachments, is let in such a manner that there is no disposition to unsettle contracts as they exist, or not to facilitate their renewal as they expire. The ordinary vicissitudes occurring in society through death, failure, retirement, and change of occupation, are, however, perpetually severing attachments of this kind. And when landlords have their lands, from any of these causes, returned upon their hands, what *ought* they to do? in other words, what line of conduct on their part will most conduce to the welfare of society? for that is the line which all right-minded people will cherish the disposition to prefer and adopt.

A landlord with an unoccupied farm on his hands, partly through his own inquiries, partly through the inquiries of farmers in search of farms, would not long be left without proposals from tenants. Out of the whole number of applicants he declines treating with any except those whom he believes from their capital and character to be perfectly trustworthy. And of these, will he prefer the one who offers the highest rent? You think he will. But why should one offer a higher rent than any of the others? Might he do so, because with his superior skill and intelligence he perceived productive capabilities in the farm which were invisible to others? or because he was alive to the larger profit to be earned through the conversion of his arable land, or some part of it, into pasture, in order to supply the growing town in his neighbourhood with milk and green food for cattle? or into a market-garden for the supply of vegetables and fresh fruits? It might



so happen, that during forty or fifty years a succession of changes in the mode of cultivating the same acres would cause the rent to rise from 100*l.* to 500*l.* per annum. A greater change than this might occur. Some enterprising capitalist, alive to a more urgent want in another direction, might offer to purchase the land for 20,000*l.*, equivalent at a rate of interest of 5 per cent. to 1,000*l.* per annum.

In these cases, which are in reality but types of those of every day occurrence, we may see that the landlord in parting with his land to the tenant or purchaser who offers the highest terms, not only obtains for himself the largest rent or income, but commits it to the hands of him who can make it yield the largest profit for himself, the greatest abundance for society, and the best industrial guidance and instruction for the workmen who are looking to the administrators of capital for employment. Even if the land had never been allowed to be appropriated as private property—if it were reserved as public property, the cultivation could not be conducted satisfactorily except by letting it out to farmers and others. The public functionaries who, under this supposition, would have the letting of the land must take some steps and come to some decision. To whom should they let the public land for the benefit of society?—to the most intelligent, skilful, and enterprising, or to the least competent tenants? To the former? But they will bid the highest rents, for they can afford to pay more than others. Should their offers of high rent be declined and thus some portion of the public income be sacrificed? Or, if a lower rent were


to be accepted, why should favour be shown to one candidate over another? or to avoid favouritism or its semblance, what principle of selection could be adopted? Can anything superior be suggested to the principle of selecting according to merit, which in reality assigns the land to the tenant capable of paying the highest rent, because he is also capable of cultivating it to the greatest advantage? Of course, it will be borne in mind, whether the letting of land devolved upon landlords, trustees acting for the proprietors, or public functionaries, that the tenants ought to be responsible people, not merely promising to pay rent, but capable and willing to perform their promise; not merely promising to sustain the land and all the improvements upon it, but giving reason to expect, from their past conduct, that they would scrupulously fulfil their engagements.

One of the unfortunate consequences of inadequate teaching and training is that the administration of capital becomes entrusted to incompetent people. Hence loss and suffering to themselves and inconvenience, if not worse, to all who have dealings with them, and particularly to the labourers in their employment. As might be expected, men unequal to their position are no more excluded from the farming than from any other business. And it is a common failing with them and all unsuccessful administrators of capital not to perceive that their want of success is generally owing to some defect in themselves—some inaptitude for the work which they have in hand. They rather incline to shift the blame from themselves upon others or upon

something over which they assume that they had no control. This seemingly justifies them in the eyes of others and flatters their self-love, if it do not stimulate to the amendment which might prevent the recurrence of similar misfortune.

Farmers who are not prospering will sometimes attribute their losses to the extravagant rents which they are obliged to pay. Can the amount of the rent which they have contracted to pay be truthfully pleaded by them as a cause of their losses? Why should they have contracted to pay rents which they are unable to pay out of the produce of the farms? Did they miscalculate? Other tenants were ready to pay the same or nearly the same rents. Would they, also, have been unable to pay their rent and retain a profit out of the produce of the farm? Are not the losses of a farmer generally occasioned by some incompetency on his part? And as his engagement with his landlord was voluntary, how can he excuse himself from folly if he made it injudiciously?

We find the low wages of labourers, also, at times, attributed to the high rents which, it is said, are insisted upon by landlords. But we have seen that landlords have no power of extorting the amount of rent which they are pleased to insist upon. We have seen, besides, that average wages depend upon the amount of the capital which is distributable among a given number of labourers, and that the excess of individual wages above, or their depression below, the average wages depends upon the comparative producing powers of the several labourers. If the farmer paid no rent, it does




not follow that he would pay higher wages ; and if, in consequence of his imprudent engagements and bad management, he cannot afford to pay wages commensurate with the worth of his labourers, they are not compelled to accept his service or to abide in it, if his resources fail him.

If instead of landlords, as we have them among us, functionaries acting for the government or community were substituted in their place, the position of farmers and labourers would be the same. We may examine hereafter whether society would be in the enjoyment of any advantages of which it is now deprived, if the duty of distributing the land among tenants and occupiers had been entrusted from the beginning to public functionaries spread all over the country, or whether the right of property in land which has been handed down from generation to generation through many ages is not a far better mode of accomplishing the same purpose, and of realizing besides other advantages to society.

We may conclude our inquiry into the duties of landlords by a species of self-examination, supposing ourselves to enter upon the possession of a piece of land for the first time, which we were not disposed to farm on our own account, the land and ourselves being quite unconnected with any previous tenant. To whom *ought* we to let it? To that one of all the trustworthy applicants who offers to pay the highest rent. Because, by so doing, we should give the preference, as far as possible, to the most competent tenant, assist in supplying the community with what it most needed, and

afford labourers the opportunity of working under the most efficient master and instructor. If on coming into possession of the land, either we or the land had been connected with a previous tenant, we *ought* not to overlook those considerations which seem to attach him to the land or to ourselves—considerations not directly measurable in rent, but which, if disregarded, would make social intercourse less delightful and industrial effort less successful. We will not confine our self-examination within the limits of our duties as landlords. Those duties we will assume to have been efficiently performed, and to have brought to us the largest possible income. The further question arises: what *ought* we to do with this income? Our duties as landlords are but a part of our far wider duties as men. The income from our land might be large—much larger than needful to meet all the reasonable demands of our domestic establishment, and to furnish the means of performing all family duties. What ought we to do with the surplus?

This question specially recommends itself to the attention of the young—to the young who, as yet unfettered with the trammels of a lower and former state of civilization under the garb of fashion or custom, are earnestly seeking to understand their duties and to discipline themselves for their performance. Whether in town or country we cannot be blind or deaf, even if we be insensible, to the appeals to our benevolence from the afflicted and the destitute. Neither if gifted with the intelligence that must result from such inquiries and studies as you engage in, can we fail to note how



much of this affliction and destitution is the consequence of ill-conduct, as this ill-conduct is itself the consequence of bad teaching and training. Ought any portion of our surplus means to be devoted to the relief of the destitute, and to the providing that teaching and training, the lack of which must produce future destitution? You object to the question so shaped? You say it conveys a doubt where there ought to be none? This is true. But is there not a most deplorable remissness in teaching and training the young, calling everywhere for amendment? And we must not turn away our eyes from what is going on around us, if we would aid in rectifying prevailing defects and omissions. The more becoming course is to acknowledge our transgressions, to repent and amend.

Let us now try and sum up the probable results of the conduct of landlords and men acting up to what our inquiries seem to recommend. Their lands would be occupied by the most efficient administrators of capital; and so far, therefore, as in them lay, the labourers would be brought under the influence of those most capable of turning their labour to account for their own benefit, and towards securing abundance of wealth for the community. Their incomes would be large—larger, at all events, than if they managed their estates on different principles. Domestic duties, as first in order, being provided for, the next most pressing duties in their estimation would be to contribute towards the relief of destitution, and the prevention of like destitution in the future. Even if such landlords had no thoughts of duties beyond the domestic in the expen-

diture of their incomes, and their surplus income were devoted to pleasure and recreation, to the cultivation of taste and refinement, what could press itself more upon their notice than destitution to be relieved or banished, or the charms and emotions associated with the well-being of their neighbours, their countrymen, their fellow-creatures?

May we not contrast such landlords with others who govern their conduct by other considerations, or by no consideration at all—who let their lands at what they are pleased to call moderate rents, through indolence or favouritism? Should we expect to find the capabilities of their land developed to the utmost, the labourers under the influence of the best industrial training, or the community most abundantly supplied with the produce of the earth? The incomes of these inconsiderate landlords, despite their lax management, might, owing to the extent of their possessions, be much beyond their needs. How would they apply the surplus? What would be the style of their luxuries? A costly town residence, and equipages with all their costly appendages, in a parish teeming with vice and misery and with untaught and undisciplined children? or less costly establishments in a parish where, if destitution still lingers, the bitter fruit of past ignorance and neglect, future destitution, is guarded against? An imposing country mansion, with its spacious gardens and pleasure grounds, its well provided conservatories, stables and kennels, contiguous to, but fenced out from dilapidated and inadequate cottages; horses and dogs abundantly supplied and well trained, and human

beings poverty-stricken and abandoned? Or a less imposing mansion, with smaller profusion of the accessories of sensual enjoyment, but the decencies of life for human beings and the education of the young so cared for that an appetite for other pleasures may be indulged without self-degradation?

If this contrast cannot be presented without offence to persons with confirmed habits and tastes, it may at least be presented to the young who are desirous of acquiring habits and tastes not utterly at variance with what their judgments tell them to be sound morality and their feelings recommend to them as true religion.


You cannot mix much in society nor look into the current literature, without perceiving that the conclusions at which we have arrived, in regard to the conduct and duties of landlords and the corresponding duties of tenants, are greatly at variance with much that we see and hear and read. Opinions concerning the tenure of land prevail, also, in many quarters, diametrically opposed to the system maintained by law and adopted in practice, and altogether irreconcilable with what we have felt ourselves compelled to acknowledge as facts and consequences inevitably following from those facts. Whether the convictions which we have formed or the opinions opposed to them are the better guides for conduct, should be seriously considered by the religious teacher. His benevolent intentions in behalf of his congregation may be promoted or thwarted, according to the direction which shall have been given to their thoughts and feelings on these matters from childhood upwards.

He will ever be hoping that one result of his exhortations will be to improve the condition of those who listen to him. The better their conduct, the better will be their chance of acquiring and maintaining possession of an adequate supply of material comforts. Suppose his words to fall upon the ears of those who ascribe their poverty-stricken condition to their being debarred from their fair share of the land, or to the inexorable landlord who insists upon their paying as rent that which they require to spend upon food and clothing. Will he find it an easy task to induce them to turn their thoughts to greater watchfulness over their conduct, as the most certain means open to them for improving the condition of their families and themselves? Or will they readily attend to his suggestions, if he endeavour to point out a more judicious application of their strength and talents than the inferior one to which they blindly cling?

A poverty-stricken congregation may be worse off even than this. They may be not only insufficiently provided with material comforts and mistaken in their thoughts as to the causes of their discomfort and misdirected in the efforts which they make to obtain relief, but they may look up to instructors and guides who endorse all their superstitions and countenance all their misapplications of effort. Religion, too, that most potent of auxiliaries for imparting vigour to efforts in acquiring knowledge and in applying it to the best and holiest purpose, may be so perverted by its ministers as to throw a veil over ignorance, to reconcile to its continuance, to obstruct its removal, and to misrepresent

the intentions of those who would enlighten the destitute as to their real position, its causes, and the means available for its amelioration.

May not that religious teacher be full of hope and confidence who, possessed of the knowledge on which you have been bestowing your attention, endeavours to apply it in elevating the sentiments and improving the material condition of his congregation? Nothing intervenes to paralyze the vigour of his onslaught upon those vices which are the real obstacles to progress, or to dim the rich colouring with which he is justified in painting the glorious future to all who will listen to his teachings and regulate their conduct accordingly. He knows that the material comforts of a people are not determined by the number of acres in the land which they inhabit, but by the quantity and quality of the wealth which has been stored up by them; that if this store of wealth is inadequate for its purpose, the best available means for increasing it, are to increase the knowledge and to improve the habits of the people. The property in the land is a secondary consideration with him, because he knows that, with the requisite intelligence in the people, the privilege of cultivating it will always be conceded, as nearly as possible, to those administrators of capital who can raise the largest crops of the produce most sought for by the inhabitants at large. He knows that there are large proprietors of wealth who possess no land of their own. He knows that if a man possessed land but no wealth, he could only obtain wealth by selling or letting his land, unless he had labour worth purchasing to sell: and he might



obtain wealth by selling that, although unpossessed of land.

The more devoted the enlightened religious instructor is to his mission of diffusing religious sentiments throughout his congregation, the more anxious will he be to represent them as they really are, the concomitants of material well-being—itself attainable only through conduct which forms an essential portion of religious life. Profession of religion, that kind of conduct being absent, may be profession, but cannot be religion. When he listens to the complaints of those who attribute some portion of their distress to extortionate and inexorable landlords, he will be forced to say to himself: How far can a man be religious, and unable to pay his rent? This question, in its bearing upon the farmer, or any other administrator of capital, may be answered at once. He has proved incompetent to fulfil his engagements, and it is scarcely to be hoped that he can deserve to be called religious. The case of the man who hires a house for a residence, the rent of which is considerable, may be dismissed no less summarily. He has been incautious or unconscientious in contracting an engagement, and is so far irreligious. The case of the poorer man with his small weekly rent requires more minute exposition—an exposition deeply interesting to the religious instructor, so suggestive as it is of trains of thought and rules of conduct of the highest practical importance.

The means by which the young workman unpossessed of wealth obtains participation in it are familiar to you. They should be made familiar to everybody. He sells

his labour, and receives payment for it in money. With this money he purchases food, clothing, and fuel. He requires lodging besides. The advantage to him of the usages of society, through which he is enabled to hire, and not compelled to purchase, shelter, is obvious. Suppose even he had the wealth wherewith to purchase, the sale of his labour might necessitate frequent change of residence, and he would be put to the inconvenience of frequent sale and purchase of lodging. No civilized people would submit tamely to so unendurable a nuisance. The provision against it has been made through the agency of certain capitalists called house-proprietors or landlords, who earn their profit by letting shelter in the shape of houses and parts of houses, furnished and unfurnished, for days, weeks, months, and years, to meet the wants of those who are in search of shelter. Are not these capitalists, understanding, of course, that they do their work well, most useful members of society? Ought religious teachers to tolerate their being held up, as a class, to obloquy, or their being excluded from that portion of respect due to all who maintain themselves by doing useful service to others?

When the sad spectacle of a poverty-stricken family is brought to the notice of the religious missionary, does he, even under the excitement of the most painful emotions, attribute any portion of their sufferings to the baker, or grocer, or clothier; whether they refuse to part with their commodities except for money, or whether they insist upon payment for previous supplies before they part with more? Why, then, should the landlord be charged, covertly or indirectly, with any

portion of this suffering? Is it not plain, besides, he will not continue his business unless he be compensated by extra payment from solvent tenants for losses sustained through defaulters?

The missionary who carries consolation to the sick of the destitute and disabled, will at the same time be thoughtful to sow the seeds of improvement for the future. He will neither have his eyes closed nor his tongue tied, when the vices, or follies, or neglect of duty in the rich, cross his path. But while pouring balm of comfort into the ears of the afflicted, diverting the current of charity into their desolate homes, he will, with all gentleness, as fitted to a scene of despair and despondency, claim a hearing for lessons of wisdom, by which the recurrence of like calamities may be averted.

Above all, in his ministrations during the hours of sickness and confinement, when the sufferer is supposed to be more than ordinarily impressionable, and disposed to profit by exhortations to holier thoughts and better conduct, he will not omit to explain to them, in a manner not likely to be forgotten, the advantages which are in common with all industrious men, derive from the efforts of capitalists. Not only are they ready to purchase labour, and to pay largely for it when its producing power is large; not only are they active in ascertaining and preparing the particular commodities which labourers will wish to receive for their wages, but they are at the pains to place at their disposal the use of that house-room and furniture which it would be impossible or inconvenient for them to purchase.

CHAPTER XI.

Results of our inquiry so far as it has been carried—Has it assisted us to discriminate between good and bad conduct?—Does it suffice, or must it be continued?—Good intentions not all-sufficient for moral conduct—They must be associated with knowledge, and fortified by moral discipline—Practice of interchange—Is it good in all its forms?—Value, and the causes of fluctuations of value—Supply and demand, and the causes of fluctuations in them—Tendency of average values to correspond with the costs of producing future supplies—Principles involved in fluctuations of value important to be known, and easy to be understood—Confusion of tongues in connection with values—Natural and intrinsic values—Precision of language considered from a moral and religious, as well as from an intellectual point of view.

WE will here ask a question, by way of testing what we have gained thus far by our own investigations, and of determining whether it is worth our while to persevere in the same spirit. Do we feel that, after these investigations, we are better qualified to direct our own conduct, and to judge correctly of the conduct of others? More particularly, does the result of our inquiry into the duties of labourers, capitalists, and landlords, shed any light upon the conduct which they ought to pursue towards one another?

Suppose we had even attained to this height of civilization—a height which we are unfortunately still far below; that arrangements existed, and the machinery was in operation, for teaching to all the young the importance of what we have called the good qualities,

and for training them to the acquisition and practical application of these qualities; should we have done all that was needful to secure the conduct which leads to individual and general well-being? Or would it be necessary besides that they should be informed of the conditions which determine the distribution of all the wealth produced into wages, profit, and rent, and the sub-distribution of these among the several labourers, capitalists, and landlords?

If we say that instruction in the duties which labourers, capitalists, and landlords owe to one another ought to be provided for all, since every individual is destined to perform, well or ill, some of these duties, we shall only repeat, in other words, the judgment which we have already expressed. The question really before us may be stated in this form: Granting that it were possible to arrive at goodness of disposition for all, independently of the knowledge indicated, and that measures for the purpose had been taken, would it be safe to stop here? Would adequate securities be provided for good moral government? or must goodness of intention be directed by the specific knowledge of which, it is to be hoped, we have already acquired some, and are about acquiring more?

A peep into the busy working world does not bring to our notice any difference of opinion as to whether something more than good intentions is necessary, to enable people to pursue their several callings, and to perform their several duties satisfactorily. The physician and the chemist are *specifically* instructed in the qualities of drugs, before they are trusted to prescribe and

prepare them. The surgeon is *specifically* instructed in the anatomy of the body, before he is trusted to perform an amputation. The captain is *specifically* instructed in the art of navigation, and in the use of his various instruments to assist him in determining his exact position on the ocean, and to direct his course, before he is trusted with the command of a ship. And so on through every profession and industrial department. Each individual in his particular post or office will say to himself, as the call for action is made upon him, "What ought I to do in this emergency?" and his answer will be obtained through the aid of his *specific* attainments. The best intentions, without the concurrence of his special knowledge, would avail him but little, whether he have to subdue a fever, to save a limb, to thread a difficult channel, to conduct a train, or to control the electric fluid.

Can it be said that any of us are adequately prepared to meet the trials and emergencies of life, if unprovided with the specific information which it is the aim of our investigations to acquire? Unfortunately, there is not a town or a county, even in this favoured land, which will not furnish us with many cases of social emergency, to study and to determine therefrom how far good intentions, without the specific knowledge which we are striving for, will avail. The emergency to which we point is a poverty-stricken neighbourhood. Action is needed for its improvement. What action? Say the labourers, "Let our masters give us better wages. All that we want is a fair day's wage for a fair day's work. And let our landlords be less extortionate in their rents,

and more merciful in enforcing them." Masters and landlords refuse to comply with their demands; and the labourers, perhaps, at intervals, seek relief by combining or striking for higher wages, or by resisting the law. Say the masters, "We want more capital. We can't compete with other large capitalists in adjoining districts, or with the merchants who are importing from abroad. Besides, low as the wages are which we give, they are frequently more than the work performed for them is worth; and many hungry workmen are begging for work at the very wages complained of, and which we have no capital to supply." Say the landlords, "We can hardly obtain a livelihood from our property. Our whole time is occupied in watching our tenants and collecting our rents. With all our vigilance we are continually losing from defalcations of tenants, from damages committed, and dilapidations unrepaired." Say philanthropists and ministers of religion, "Have compassion on the poor. Bestow your alms. Help us to the means of domiciliary visits, and of relieving the more urgent cases. Poor people, be patient and resigned. We will intercede with your landlords to obtain indulgence. We will appeal to the public and your employers to raise your wages, and we will urge the government to do something in your behalf."

Of course we know that it must be a work of time and labour, even with all requisite knowledge and good will, to raise a poverty-stricken neighbourhood out of its miserable state. Such a neighbourhood is always the abode of ignorance and bad habits. And, as we have already observed, these deadliest enemies of well-

being must be kept out by the proper teaching and training of the young. They are more than a match for us if we wait to fight them till they have entrenched themselves in adults. But we neither assist in the protection of the young nor the reformation of adults, by diverting attention from the real causes of the evil to be combated, and the only efficient means of combating them. You will be anxious, in due time, to participate in works of philanthropy; but you will insist upon an enlightened philanthropy—upon works calculated to remedy, not to aggravate the misery which fills you with compassion. And the investigation which you have been pursuing with me into the distribution of wealth, as wages, profit and rent, and into the duties allotted to labourers, capitalists and landlords, and the other duties besides, demanded of them as men, will assist you to throw the weight of your influence and example where it will be most usefully felt, to direct your good intentions to good results, and to extract a more harmonious and deeper meaning, and a sounder and more practical morality, out of your religious studies and meditations.

From the interest that you have taken in these lessons, I do not suppose that it would be possible to persuade you to turn aside from the course of inquiry and study into which they have led you. But if you were to stop short where you are, you could not avoid being conscious, for the remainder of your lives, how greatly you have gained in clearness of perception, accuracy of observation, and comprehensiveness of judgment,

on all subjects involving moral considerations—on all subjects involving answers to the question—“What ought I to do?” or, “What ought I to advise others to do?” Your studies, however, have done more than furnish you with matter for examination and reflection, and with instruction how to conduct your inquiries to definite conclusions and good purposes; they have led you to suspect that there are many more questions apparently quite as mysterious as those which you have solved, yet awaiting a like course of study; and I can assure you that application, similar to what you have already given, will speedily dispel all kinds of mystery, and unfold to your view, step by step, truth after truth, forming together one consistent, self-supporting body of moral science, shedding light upon every subject of inquiry, and providing, as it were, the material of a most reliable life-road-book.

Much, then, as we have accomplished, we have not as yet, by any means, cleared up all the obscurities which, to ordinary eyes, cloud the distinction between right and wrong, good and evil, moral and immoral. We have more than once alluded to “money.” We have found it convenient to treat of the transactions of industrial life in the same language as they are treated of by others. But we have carefully confined ourselves to such uses of the term “money” as could lead to no error, or involve us in no controversy. It is now time that we should enter into a more minute investigation of the functions of money, so that, in our future inquiries, we may escape the confusion

which, through the misconception of its functions, seems to surround every question and to perplex most students.

The conspicuous place that is occupied throughout the whole intercourse of society by money, is familiar to everybody. Are we also aware of the loose, contradictory, and, consequently, unsatisfactory notions that prevail with regard to this same money? Wages, and incomes of all descriptions, are paid and received in money. Buying and selling are expressions for paying and receiving money. Most people seem glad to obtain more money than they had expected; and are greatly occupied in striving to obtain possession of more. At different times, people can obtain much less for their money than they can at others. And, again, if they have goods to dispose of, they can obtain much less money for them. Both these states of things are complained of by turns. Are they both evils, or is neither of them an evil? What causes these changes? While all people who can are using money, and many are trying to save it, we hear praise bestowed upon the contempt of money, and the love of money denounced. Money, in fact, has been a favourite theme in all ages for a certain class of declaimers who have mistaken the alternate application of terms of praise and blame to the same thing, according as they liked or disliked it at the moment, for moral instruction and exhortation. Moralists of this description deal in pairs of terms, such as frugality and parsimony, generosity and extravagance, perseverance and obstinacy, prudence and cowardice, courage and foolhardiness;

and, by applying the first to what they approve, and the second to what they disapprove, they delude themselves into the belief that they have cleared up some point of morals, because they have blinded themselves to their own state of darkness. No more fertile theme for this style of disquisition than money. It is universally used, and has nevertheless been represented as the root of all evil. It would, I am sure, make you sad to think that, for want of a little application and mental discipline in your youth, what ought to be an understanding to guide, should be a disorderly collection of undigested and contradictory proverbs and aphorisms to bewilder and deceive you.

To obtain a clear perception of what we may call the morals of money, we need to recur to some of the circumstances in our industrial progress which led to its introduction. One of its principal uses is to facilitate interchange. Interchange is a consequence of division of labour; deprived of which, we should be deprived of the larger part of our industrial power. Money may, then, be said to be an auxiliary of interchange; and, as the promoter of a good thing, it might be expected to be good in itself. But, although interchange is to be commended and encouraged in general, is it good in all its forms? Is it subject to any conditions, and what are they? These are questions evidently requiring to be solved before we can with advantage enter upon an investigation of the functions of money, or engage in the discussion of social questions, into which money is almost sure to intrude itself.

We have already adverted to the new responsibility

which men take upon themselves when they adopt division of labour. Each individual, as a means of obtaining what he desires to consume and enjoy, must aim at producing what is desired by somebody else. His real object, as it would have been antecedently to his adoption of division of labour, being to obtain as much as possible of what he desires to consume and enjoy, he will keep constantly in view what he may expect to receive in exchange for that which he is engaged in producing. Whatever may be the qualities in the commodities which he desires to obtain and enjoy, the one quality which he will aim at in what he produces is *that of obtaining for the producer a large quantity of other commodities in exchange*. Following the usual course of applying names not only to all objects in which men take an interest, but to all the qualities of objects of interest, a name has been affixed to this quality which all men are anxious should be found in the commodities that they are producing; and the name fixed upon is "value." You must not be surprised to find this word used like many others in more senses than one. Neglected or ill-conducted education leads to the delusion that the person who can spell and pronounce a word can also discourse and reason upon the object or quality of which that word is the name, while, may be, he is only trifling with his understanding by the use of sounds not the less unmeaning because they are articulate.

A commodity, then, which will obtain for its owner other commodities in exchange is said to possess the quality of value; and its value is what can be obtained

in exchange for it. When little can be obtained in exchange for it, its value is said to be small. When much can be obtained, its value is termed large. In this latter case it is frequently called a valuable commodity. Is the same commodity always equally valuable? In other words, are values fixed or fluctuating? Fluctuating. Are these fluctuations of value under any control? and are we able to trace out the causes in which they originate? or can we determine what effects on values must follow from certain occurrences which are not very uncommon among us? Let us try.

What would be the effect upon values of an unusually bad corn-harvest, other products of industry being in their ordinary quantities? Since each person would desire to obtain as much corn as before, and there is less to be had; each offering the same quantity of other commodities as before would have to put up with a less quantity of corn in exchange. Any given quantity of corn, therefore, say a bushel, would rise in value; while other commodities would fall in value, as measured in corn.

With the same conditions, what would be the effect upon values of an unusually abundant corn-harvest? Since each proprietor of corn would wish to obtain other commodities in exchange for this increased quantity of corn, and no more of other commodities is to be had, a bushel of corn would fall in value, and other commodities would rise in value, as measured in corn.


In the first of these two cases, would all other commodities fall equally in value as measured in corn?

No? The value of eatables, such as rice and potatoes, would fall less, while that of luxuries in clothes, furniture, &c., would fall more, because many would desire to substitute other food for corn, and to forego luxuries for the sake of obtaining more eatables.

In the second of the two cases, would all other commodities rise equally in value as measured in corn? No. The value of luxuries in clothes, furniture, &c., would rise more, and that of eatables, such as rice and potatoes, would rise less, because the proprietors of the corn would not be so much inclined to give a larger quantity of their corn than before for rice and potatoes, as they would for luxuries; and the proprietors of luxuries being able to obtain a larger quantity than before of corn, might be less disposed, and certainly would not be more disposed to bid for rice and potatoes.

What would be the effect upon values of the general apprehension of an approaching bad corn-harvest? Somewhat similar to that of an actually bad harvest, since the holders of corn would be inclined to keep some of it back from market in the hope of obtaining more for it in exchange at a later period; and some of the holders of other commodities would desire to procure as much corn as possible to put in store for the same purpose.

What would be the effect upon values of the expectation of an approaching corn-harvest of unusual abundance? Somewhat similar to that of an abundant harvest actually secured, since the holders of corn would be anxious to dispose of more than they otherwise would, for fear of not being able to obtain after



harvest so much as before in exchange for the same quantity of corn; and the holders of other commodities would offer no more of them than what was necessary to obtain corn for their immediate wants.

These answers of ours meet with the general concurrence of thoughtful men. Inferences drawn from the fluctuations of value, frequently contradictory and savouring of prejudice and superstition, and leading to popular discontent, attempts by governments at the impossible, and food riots, have been mixed up with them. Nevertheless, the principles involved in our answers have so far prevailed as to have obtained expression in language specially prepared for the purpose. The quantities of commodities offered in exchange have been denominated "supply," and the desire for commodities by those who have other commodities to offer in exchange has been denominated "demand." And values, using these terms to notify the conclusions at which we have arrived, are said to fluctuate with the fluctuations of supply and demand; or, more briefly, values are said to be determined, in the first instance at least, by supply and demand.

It is scarcely possible to conceive of a student who could be satisfied to stop at this stage of his inquiry; saying to himself, fluctuations of value depend upon fluctuations of supply and demand, and not wanting to ascertain what occasioned the fluctuations of supply and demand. Pursuing our investigation, if we ask whether all commodities are equally subject to fluctuations of supply, will not the answer be that the supply of vegetable products, such as corn, potatoes and fruits, which

are exposed to the vicissitudes of the seasons, is more likely to fluctuate than the supply of metals and minerals, such as iron, lead and coal? Of vegetable products, is not the supply of the more perishable, such as potatoes and fruit, liable to fluctuate more than the less perishable, such as corn; seeing that the supply of the former is entirely dependent upon the crop of one year, whereas of the latter, the supply may be made up partly, and perhaps considerably, from the savings from past crops? Are there not also some commodities which are more subject to fluctuations of demand than others? Are various kinds of luxuries in food and ornaments of dress and furniture as constantly in demand as bread and blankets?

Fluctuations of supply and demand, such as we have indicated, may, under a peculiar combination of circumstances, give rise to a very wide range of fluctuations in value. What would be the probable limit, for instance, to the value of a loaf of bread, when with abundance of everything else, scarcely any food was to be had? Or, what value could be assigned to so perishable a commodity as fish or strawberries in a market where people were impressed, foolishly or otherwise, with the notion of their unwholesomeness?

Amid all these fluctuations of supply and demand, and the fluctuations of value consequent upon them, we perceive some commodities which are invariably of greater value than others. We need but name a bushel of wheat and a bushel of oats, an ounce of gold and an ounce of silver, a ton of copper and a ton of iron, a pound of silk and a pound of wool, a chronometer and

an ordinary watch. Why is the first commodity in each of these pairs invariably of more value than the second? The men who produce them are calculating and reflecting men. They produce the commodities to which they turn their attention with the view of obtaining other commodities in exchange for them.

For the purpose of this inquiry, we may say that a bushel of wheat is generally worth as much as two bushels of oats. Farmers, with their experience, know pretty well, taking one year with another, whether it costs them as much to produce a bushel of oats as a bushel of wheat. Supposing the cost to be equal, do you think that would have any influence upon the farmers? They would turn their attention to growing more wheat and less oats? And how long would they persevere in this substitution of wheat for oats? So long as the bushel of wheat would exchange for more than a bushel of oats. But why should any alteration in their values take place? Because the farmers by their altered course of cultivation, would increase the supply of wheat, and thereby cause the value of each bushel to fall, and diminish the supply of oats, and thereby cause the value of each bushel to rise. On the other hand, supposing the cost of producing a bushel of wheat to be, as in reality it is, double that of producing a bushel of oats, then the farmers would have no inducement to deviate from the course of cultivation in which they had been engaged.


Assuming, also, for the sake of another comparison, that watch and chronometer makers found that it cost them just as much to make one chronometer of a certain

standard as it did to make four watches of a certain standard: what would these makers do, if they found that they could obtain just four times as much in exchange for one chronometer as for one watch? They would continue to make them in the same proportion. But if they found that they could obtain five times as much for a chronometer as for a watch? Then they would be induced to make a greater number of chronometers and fewer watches. And if they could not obtain more than three times as much for a chronometer as for a watch? Then they would be induced to make more watches and fewer chronometers.

Your answers imply that you perceive a tendency in the relative values of commodities to correspond with the relative costs at which they can be produced. But if we were to make our comparison between two very different kinds of commodities, such as wool and copper; and there was reason to suppose that a pound weight of each cost about the same to the capitalists engaged in producing them, but that a pound of copper would exchange for twice as much as a pound of wool, should you expect that sheep farmers would turn copper smelters? No? How, then, would the relative values of copper and wool be brought to correspond with the relative costs at which they can be produced? The process would be slower than in the case of two similar commodities like wheat and oats, or chronometers and watches, but the influences at work on the minds of capitalists and the administrators of capital could not fail to make themselves felt. By the suppo-

sition, a profit far beyond that obtained by producers of wool would accrue to the capital engaged in the production of copper. The administrators of that capital would, accordingly, be able to bid successfully for the loan of more capital. They would attract partners. Of the new comers, besides, into the industrial world, looking, before they fix themselves for the most profitable employment of their capital and talents, copper, not wool, would command their preference. Would not these efforts to reap a share of a comparatively large profit continue till the values, and hence the profits in producing a pound of copper and a pound of wool would be about the same?

When new commodities are produced and the proprietors of other commodities approve of them, they signify their preference by offering in exchange a value commensurate or more than commensurate with their cost, and refusing to give for the old commodities a value commensurate with their cost. The originators and inventors of approved commodities, and the producers who follow in their steps, are thus effectually encouraged to continue their operations; while the producers of commodities no longer in favour, and those who might persist in imitating them, are warned to discontinue theirs, or to adapt their industrial efforts to the altered wants and tastes which are growing up around them. By this process iron pipes superseded the wooden for the purpose of conveying water to our houses; the locomotive drove the four-horse coach off the road; gas took the place of whale-oil for lighting our streets; the electric telegraph, of the semaphore and



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courier ; and the lucifer match of the tinder-box and flint and steel.

There is another aspect of the fluctuating values of commodities involving a little more complication which ought to be examined and noted. We may take quantities of different commodities, the respective costs of producing which may be supposed to be nearly the same—say: 1 bushel of wheat, 2 bushels of oats, 1 oz. of silver, 8 lbs. of cotton, 4 lbs. of wool, 56 lbs. of potatoes, 1 pair of shoes, 1 cwt. of iron, and 5 lbs. of copper. Could we expect that these several lots of commodities would be invariably the values of one another? No, for that would be to forget how differently the supply and demand of these commodities are liable to be acted upon by the influence of the seasons, and according to the greater or less perishableness of their natures. How, then, would the values of these commodities be affected by the cost at which they can be severally produced? If one ounce of silver, one cwt. of iron, and five pounds of copper were generally exchangeable for one another, there would be no inducement to disturb the distribution of capital engaged in their production. But if instead of exchanging uniformly for 56 lbs. of potatoes, they each exchanged, one year for 70 lbs., another for 84 lbs., a third for 42 lbs., a fourth for 21 lbs., and a fifth for 63 lbs., would the capitalists engaged in producing all these commodities be likely to alter the distribution of their capitals? No, because if some years the growers of potatoes obtained less for them than their cost, in others they obtained more, and the

medium or average of these fluctuating values would correspond with their cost. It will be observed, besides, that it is hardly correct to speak of a fixed cost of production, especially of such a commodity as potatoes, seeing that with the same cost very different quantities will be produced in different seasons. The thoughtful capitalist intent upon employing his capital so as to produce that which will procure for him the largest value, will endeavour to form some estimate of his medium or average cost, and of the medium or average value that he is likely to obtain; and according as the latter is equal to or greater or less than the former, will he maintain, extend, or contract his production, however much values may be temporarily disturbed by vicissitudes of seasons and other causes.

Accordingly, no reason can be found for doubting that values, or as they are sometimes called market values, are governed by supply and demand, or for refusing to admit that the fluctuations of market values are controlled by those efforts on the part of capitalists which tend to make the average values of all commodities to correspond with their relative costs of production. We are not yet ripe for pronouncing a judgment upon what is going on around us in the operations of buying and selling, or in the schemes and combinations that precede those operations. We must first ascertain whether the conclusions at which we have just arrived require to be modified on account of the introduction and adoption of money, or of a medium of exchange and measure of value. Our attention,

therefore, shall next be directed to an inquiry into the nature and functions of money, just recapitulating here what we seem thus far to have settled, whether subject or not to future modification.


Previous to the adoption of division of labour, each man's attention will have been directed to the production of what he wanted in the greatest abundance by such amount of effort as he could command. Since the adoption of division of labour, with the same desire to possess and enjoy, his industrial effort is to produce what others desire to possess. If he produce what nobody desires to enjoy, he will get nothing for himself. If he produce what is little desired by others, or what other producers have already amply supplied, he will get little for himself. If he produce what is greatly desired by others, or what nobody else has thought of supplying, he will get much for himself. The name "value" being applied to that which each man is able to obtain in exchange for what he produces: if he produce that for which there is no demand, he will obtain no value; if he produce that for which the supply exceeds the demand, he will obtain a small value; and if he produce that for which the demand exceeds the supply, he will obtain a large value. The effect of the constantly prevailing desire among producers to obtain the largest possible values is to set up, amid all the fluctuations of value occasioned by the fluctuations of supply and demand, a tendency in average values to correspond with the costs of production at which future supplies can be brought to market. Another effect of this desire is to supply

the community with the commodities which most desire to possess, and in the greatest abundance.

The fluctuations of values which are of daily occurrence, the causes of those fluctuations, and the influences which control them, are subjects which have not seemed to you to present anything very abstruse or difficult of comprehension. The apparent movements of the heavenly bodies, and the laws which these movements obey, have also, no doubt, appeared to you equally easy of comprehension. But the alterations of value and the alterations of position among the heavenly bodies are thus intelligible to you because they have been made the subjects of study and investigation for ages; because the principles to which these alterations conform have been discovered; and because when principles have once been ascertained, they may easily be taught and learned—taught by each generation going off—learned by each generation coming on.

Hitherto the generation going off has never done its duty thoroughly by the generation coming on. The intelligence of the age has never been universally diffused, nor nearly so; and the comparatively small number of intelligent men have not been sensitive enough to the moral slur attached to their intelligence through their quiescent endurance of the ignorance and destitution around them.

Adult intelligence in its struggles against adult ignorance has difficulties to overcome in addition to those which infant ignorance presents. Adult ignorance means prejudice and superstition besides, rendered difficult of approach by ambiguity and confusion in the



use of language. As you aspire to have every channel of usefulness open to you, it will be worth your while to bestow a few minutes' attention upon some of the misuses of language still far from obliterated. There are few words in our language which afford a wider scope for this kind of study and observation than "value." Let us pass in review some of the misuses of "value" still current among us.

Objections are taken to the restricted sense to which we have endeavoured to affix and apply the term "value." We are told that many things are valuable, or have value, for which nothing can be obtained in exchange. The air we breathe, and the heat of the sun, are cited by such people as instances of things valuable in this sense. You answer that there are also many things, by parting with which, varying quantities of other things may be obtained in exchange; and that you cannot get on comfortably without a name denotative of that quality in them. You find "valuable" ready made to your hand, and you use it. At the same time, you are careful not to spoil its usefulness by misapplying it. You can express all that you feel a desire to communicate with regard to the air or the heat of the sun, by calling them useful, or conducive or indispensable to human comfort. You wish to provide yourselves with a copious and apposite vocabulary, by which you understand a collection of terms, as nearly as possible sufficient to indicate everything concerning which you desire to discourse, and none of them used in more senses than one, except when the two meanings are obvious, and not likely to be confounded.

It will happen to you to hear people talking, and very glibly, too, about "natural" and "intrinsic" values. Can you make a guess at what kinds of values these can be? We have not used these adjectives. Have we overlooked anything, the omission of which has left our exposition incomplete? Let us examine. We have known the value of the 4lb loaf of bread to vary from four pence up to twelve pence. Which of these is the natural or intrinsic value? You wish to understand the terms of a question before you attempt to answer it? We have no resource but to try and find out what is passing in the minds of those who give into the use of language after this fashion. When values are unusually high or unusually low, they call them extravagant, exorbitant, extreme, unnatural; and when values are neither high nor low, they call them natural. The use of this adjective often betrays in those who adopt it, ignorance on other subjects besides those of value. Perseverance in its use has a tendency to conceal ignorance, whereas the exposure of its unfitness is a necessary first step to its abandonment. If a value, about midway between two extremes be what is meant by a "natural" value of any commodity, surely the term "average" or "mean" is more appropriate. One can hardly refrain from pronouncing "intrinsic," as applied to value, to be an absurdity. What should we think of a person who discoursed to us of vegetable copper or mineral grass? Nonsense verses are sometimes permitted for the sake of practice in metre. Can we find any excuse for nonsense prose? Values of particular commodities are ever altering with

fluctuations in the supply and demand of other commodities. They may, therefore, be said to be essentially *extrinsic*. Some writers and talkers like to characterize values, as they do other things, not according to certain distinctive properties in them which it is important to note and record, but according to their own whims and fancies. It may be irksome to them to be tied down; but, with every wish to allow full play to their imaginations, we may entreat them so far to respect common-sense as to refrain from talking of intrinsic values as scrupulously as they would of oblong circles or of triangular parallelograms.

Continually, as you advance, you will perceive more and more distinctly the importance of attending to a precise and conscientious use of language on all occasions. Among the impediments to the diffusion of knowledge and to the exposure of prejudice, there are few more formidable than the free and easy use of words which have no definite meaning attached to them. It behoves young learners like you to be on your guard not to slide insensibly into this damaging use of language. You must bear with, while deploring, it in others. But do not tolerate it in yourselves. It would tend to shut you out from knowledge, and to confirm you in error and prejudice. Worse than this—it is a habit not only unfavourable to intellectual improvement, but sadly in the way of moral and religious excellence. If it diminish the aptitude for recognising and appreciating truth, and for discriminating between the good and the bad, must it not damp the energy and earnestness with which you might otherwise exert yourselves

in favour of principles, customs, and institutions, the maintenance and development of which are essential to social well-being?

The clearness of apprehension that you have acquired in studying so elementary a subject as value, will be useful to you in another way. It will help you to similar clearness on some controverted moral questions; no less than the thorough knowledge of the principles of equations and of the properties of a triangle, has helped you to a knowledge of the higher branches of algebra and trigonometry.

CHAPTER XII.

Money, its uses as a medium of exchange and measure of values—

Prices—The coinage of this country—The unit standard measure of value and its fractional parts—Money of account—The sovereign, or pound sterling, the shilling and the penny—Fluctuation of prices, their causes and consequences—A knowledge of the principles involved in them indispensable to a sound judgment of conduct—Money considerations intermingled with all the concerns of life—Mistaken notions indicated by the expression “want of money;” the want really meant being “want of victuals, clothes, and lodging”—High prices deprecated by the same people who clamour for more money—Limited functions of money—High and low prices—Scarcity, with and without high prices—Want of wealth a sure indication of want of knowledge, skill, and good habits—Where relief is to be looked for—Neglect of sound instruction in the morals of money inexcusable in religious teachers.

We will now endeavour to inform ourselves thoroughly of everything consequent upon the introduction and adoption of money, or a medium of exchange and measure of value. Upon its convenience and uses but little need be said. They are as familiar to most people as the utensils and articles of furniture in their houses, or the clothes in their wardrobes. We can generally obtain in every part of this country whatever commodities we wish, provided we have money to give in exchange. The use of money assists us greatly in estimating the comparative values of commodities; and here at once we may observe that a new name is introduced to our notice. When we enter a shop to make a purchase, we seldom use the word value. If we wish

to know how much money is required for any article, we ask its "*price*." By "*price*" we mean "*value measured in money*." When we know the prices of different commodities, we know their relative values. By the same process we can estimate the relative values of such very different kinds of capitals as those of the farmer, the shipowner, the merchant, the banker, the railway company, the gas company, the builder, the brewer, and the sugar-refiner. Competent valuers can reduce them all for us to one common denomination—money; and then we see at a glance what are the proportions of their several capitals.

Any one of the many commodities which constitute the entire wealth of a country might be used as a common denomination, although some of them would be very inconvenient in comparison with others. The larger number of them would scarcely be available for daily use as a medium of exchange, while a few possess a combination of qualities which seem to point them out as vastly superior to all others for the purpose. The commodities definitively chosen almost all over the world, out of which to construct a medium of exchange, or money, are gold and silver. Do you think the choice has been a good one? Yes. What is there about these two metals which makes them so peculiarly suitable for a medium of exchange? They are very durable; any given weight of them admits of being divided and subdivided into lesser weights, without loss, and without depreciation of value; they offer the advantage of considerable value in small weight and compass; and they can easily be reduced to a uniform

standard of fineness. Do you know the name that has been given to the process by which the metals are made into money? Coining; and the metals, when coined, are sometimes called coins. Who generally undertakes the operation of coining? The government of the country. With us the establishment at which it is conducted is called the Mint. As you have been there, you are already informed of some of the regulations for conducting the coinage of this country. We will just note down what they are.


Our money of account is the pound sterling or sovereign, the shilling, and the penny. We have besides in circulation half-sovereigns, crowns, half-crowns, florins, sixpenny, fourpenny, and threepenny pieces, and halfpence and farthings. Which of these is our measure of value, or rather, our unit standard measure of value? The pound sterling, or sovereign. And what is the shilling? The shilling is the twentieth part of a pound; and the penny is the $\frac{1}{240}$ th part of a pound. To know what these two last are, then, we must know what a pound sterling, or sovereign, is. A sovereign is a gold coin weighing rather more than a quarter of an ounce troy. This is the common language in speaking of our gold coin; but it must be borne in mind that the gold of our coin is not pure gold, but gold and copper in combination, in the proportion of eleven-twelfths of pure gold to one-twelfth of copper. The gold is combined with copper in order to make it harder, so that it may with greater certainty preserve the shape and impression which it receives under the die. The copper thus added to the gold at the Mint, or previous to being

received at the Mint, for coining, is called alloy; and the gold is said to be alloyed. Gold consisting of eleven equal parts of pure gold and one similar part of copper, is called gold of the Mint-standard of fineness. Forty pounds troy-weight of Mint-standard gold is divided into 1,869 equal parts, or sovereigns; and as 40 lbs. = 480 oz. = 9,600 dwts., it will be seen that each sovereign weighs 5 dwts. 3 grs. or 123 grains. The stamp upon the sovereign is meant to certify to its weight and fineness. But what is its value? That fluctuates, as you may readily learn by watching the markets. When the quartern loaf sells for sixpence, the value of the sovereign measured in loaves is forty quartern loaves; but when the price of the loaf is one shilling, the value of the sovereign is only twenty quartern loaves. When wheat is selling at forty shillings a quarter, the value of a sovereign measured in wheat is four bushels; but when it sells at eighty shillings, the value of the sovereign is only two bushels of wheat.

If the business of coining were left to the people at large, instead of being assumed by the government, the value of the sovereign or coined gold would fluctuate with that of the uncoined gold. Is any difference introduced in this respect, because all people except authorized government functionaries are interdicted from coining? That must depend upon the system or regulations under which the Mint acts. The principal one of these regulations to be attended to by us is that everybody who possesses gold is at liberty to take it to the Mint, and after it is reduced to the Mint standard of fineness, to receive in exchange the same weight of

sovereigns, the necessary time being allowed for the operation of coining. When the weight of gold is such that it cannot be exactly returned in sovereigns, coins marking the fractional parts of a sovereign are used to make up the equivalent of that part of the weight which cannot be returned in gold coin. Thus for 40 lbs. troy weight of gold of the Mint standard 1,869 sovereigns would be received; for 1 lb., 46 sovereigns, and one half-sovereign, and four shillings and sixpence in silver coin; and for 1 oz., three sovereigns and one half-sovereign, and seven shillings and tenpence and a halfpenny in silver and copper coin. By something approaching to an abuse of language, it is said that the price of gold of the Mint standard of fineness is 3*l.* 17*s.* 10½*d.* per oz.

With the opportunities open to all under these regulations, who would accept less than 1,869 sovereigns for 40 lbs. of gold, excepting some trifle to compensate for the trouble of taking it to the Mint and for the delay in obtaining the coin? The maximum charge that need to be incurred by the public to shift this trouble and delay from themselves, has been fixed by an arrangement between the Government and the Bank of England, in which that company binds itself to give in exchange on demand coined for uncoined gold at the rate of 3*l.* 17*s.* 9*d.* per oz., or, in current though not very scientific language, to buy gold at the rate of 3*l.* 17*s.* 9*d.* per oz., Mint standard. On the other hand, anybody who wanted gold either for the purpose of manufacture or of foreign commerce, would scarcely be inclined to give more than 3*l.* 17*s.* 10½*d.* per oz., since



he might melt his own sovereigns, or his correspondent might melt them, if more suitable, uncoined. Expressed so as to avoid fractions, the agreement between the Government and the Bank of England affords to the public the facility of obtaining, without delay, 1,866 sovereigns for 40 lbs. troy weight of gold; the Bank of England retaining three sovereigns as a compensation for being always provided with a stock of coined gold to give in exchange for the uncoined. It stands to reason that the public, when they want uncoined gold, can never be induced to give more than 1,869 sovereigns for 40 lbs. troy weight, since those sovereigns might be melted without loss of weight.

Large quantities of gold are perpetually circulating to and from this country. The importers will never take less for it than 3*l.* 17*s.* 9*d.* per oz.; and exporters, who of course will never give more than 3*l.* 17*s.* 10½*d.* per oz., will always be prepared to give something more than 3*l.* 17*s.* 9*d.*, and thus prevent its being taken by the Bank of England, so as to be spared giving so much as 3*l.* 17*s.* 10½*d.*

The coined gold then, it may be repeated, fluctuates in value with the uncoined; it being open to those who insist upon minute accuracy to add "allowance being made for a deviation limited to three halfpence per oz., or three sovereigns in 1,869."

The sovereign, or a definite weight of gold, being adopted in this country as the measure of value, fluctuations in price mean fluctuations in the values of two commodities one of which is gold. A rise in the price of bread means a fall in the value of gold as measured

in bread, or a rise in the value of bread as measured in gold. A fall in the price of bread means a rise in the value of gold as measured in bread, or a fall in the value of bread as measured in gold. When you hear of fluctuations of prices, of food for example, where would you generally look for the cause? in something affecting the supply of food? or in something affecting the supply of gold? In something affecting the supply of food; because the supply of food is principally made up of the produce of one year, whereas the produce of one year forms but a small part of the whole supply of gold; and because the annual produce of food is greatly influenced by the seasons, whereas the annual produce of gold, till the discoveries of the gold fields of California and Australia, has been seldom subject to much vicissitude. While, therefore, we must not overlook the causes affecting the supply of gold, in combination with the causes affecting the supply of other commodities, in any inquiry into variations of prices ranging over periods which embrace many years; in considering the fluctuations of prices of daily and annual occurrence, we may, without much fear of error, look for the causes of fluctuation exclusively in the supply and demand of the commodities, the price of which is affected.

In the custom and practice of buying and selling, the changing values of money and commodities are marked by the larger or smaller quantity of money given for fixed quantities of commodities, not by larger or smaller quantities of commodities given for a fixed quantity of money. We do not say that a sovereign is worth forty or twenty loaves of bread, but that the

loaf of bread is worth 6*d.* or 1*s.* Thus, although the cause of fluctuation is in the bread, the mark of fluctuation is in the money. This practice is found most convenient; and it gives rise to no confusion when it is once understood that a fluctuation in price is but a fluctuation in value, where one of the commodities is money or the metal out of which money is made; and that in treating of any two commodities, no rise of value can take place in one without a corresponding fall of value in the other.

An essential ingredient in a good system of money will be that of adapting itself to every want felt by those who have occasion to buy or sell. Multiples of sovereigns, with other contrivances to be noticed hereafter, provide for all the larger values; and we have half-sovereigns to assist our operations in dealing with smaller values. Do we need other coins for measuring the smaller values? Yes. Have we any smaller gold coins? No; because they would be inconveniently small. Another admirable contrivance has been devised for supplying us with coins to measure values of even small fractions of a sovereign, avoiding the inconvenience that would attach to the use of minute pieces of gold. The contrivance to which I refer is that of a set of coins made of another metal adapted to measure values of fractional parts of a sovereign and to serve as a medium of exchange for quantities of commodities of small value.

The principal of these coins is the shilling, or the one-twentieth part of a sovereign. As you know, it is made of silver, not pure silver, but of silver combined


with copper, in the proportion of thirty-seven equal parts pure silver to three similar equal parts of copper; or, which is the same thing, in every twelve ounces of silver of the Mint standard there are 11 oz. 2 dwts. of pure silver and 18 dwts. of copper alloy. One ounce of this silver is coined into $5\frac{1}{2}$ shillings, or into five shillings and a sixpenny-piece. Consequently twelve ounces or one pound troy are coined into sixty-six equal parts or shillings, and 40 lbs. into 2,640 shillings; equal to 132*l*. We have noted that 40 lbs. troy of gold of the Mint standard are coined into 1,869 sovereigns, and thus a fixed relative value is established between a given weight of coined silver and the same weight of gold, of 132 to 1,869; or the ounce of coined silver is fixed at a trifle less than one-fourteenth of the value of an ounce of gold. You are of course prepared to expect that gold and silver, in common with all other commodities, fluctuate in value with the fluctuations of supply and demand; and are curious to know how they can be made, when coined, to preserve an invariable value in regard to one another. The sovereign, we have seen, fluctuates in value with the gold out of which it is coined. What we have to ascertain is how the shilling is brought to fluctuate in value, not with the silver out of which it is coined, but with the gold out of which the sovereign is coined.

In examining the records of prices for a large number of years, we see strongly confirmed how small the fluctuations are likely to be in the value of two such commodities as gold and silver, the annual production

of both of which bears a very small proportion to the total supply, compared with the fluctuations in value between gold and wheat. The fluctuations in the former are marked by prices of silver varying from 4*s.* 11*d.* to 5*s.* 3*d.* per ounce, while those of the two latter are marked by prices of wheat varying from 4*s.* 6*d.* to 13*s.* 6*d.* per bushel. Nevertheless, small as the fluctuations in the relative values of gold and silver have been, these fluctuations have not been allowed to intrude themselves into the coins; the shilling having all along preserved an uniform value as measured in gold, viz., one-twentieth of a sovereign. The contrivance by which this has been accomplished is as simple as it is effective. The Mint do not coin silver, as they coin gold, for the public. When there is a demand on the part of the public for more silver coin, they can only obtain it at the Mint by giving sovereigns in exchange at the rate of 132 sovereigns for 40 lbs. troy weight of coined silver, or at the rate of 5*s.* 6*d.* per ounce. The demand for silver coin is also limited by the law which permits everybody to decline accepting payment in silver of a debt of more than forty shillings; the creditor being entitled to insist upon payment or part payment in gold, when the debt exceeds forty shillings. Looking at the prices of silver which have long prevailed, it is clear that a considerable profit has accrued to the Mint from the coinage of silver. They ought not, therefore, to be backward in supplying the public with silver coin. And as the law which protects the public from being inconvenienced by the payment

of large values in silver, protects them against the Mint, that establishment clearly has no opportunity of issuing an excessive quantity of silver coin.

One contingency, and one alone, might compel an alteration in the present regulations under which the silver coinage is conducted at the Mint. If the annual produce of gold were to go on increasing for many years together, while that of silver remained stationary, or experienced no corresponding increase, the value of gold as measured in silver might continue to fall gradually, or, which is the same thing, the price of silver might rise gradually. If the price of silver rose to 5*s.* 6*d.* per ounce, and our Mint regulations remained unaltered, what would happen? The profit of the Mint from the coinage of silver would disappear. If the price of silver rose to 6*s.* an ounce, what would happen? If the existing regulations were persisted in, the Mint would lose sixpence on every ounce of silver which they coined; and as fast as they coined, the silver coin would be melted, because everybody who wanted an ounce of silver for manufacturing purposes would rather melt 5*s.* 6*d.* than purchase an ounce of silver with six shillings. The public, accordingly, would soon be deprived of silver coin, excepting that portion which was too much worn for profitable melting. What alteration could you suggest, under such circumstances, in order to preserve to the Mint some profit or to protect them from loss, and at the same time to secure the public against so painful an annoyance as that of being deprived of change for a sovereign? An act of Parliament to authorize the Mint to coin six



shillings, or, if need be, six shillings and sixpence or seven shillings, out of an ounce of silver would be an effectual remedy for that inconvenience.

Do you know which is the smallest of our silver coins? The threepenny-piece, or the one-eightieth part of a sovereign. Have we no need for smaller measures of value than that? Yes, and we have them, but not made of silver, for they would be inconveniently small. Resort has been had to a metal of far inferior value in proportion to its weight and bulk—viz., copper; and here again, the same system already explained in regard to silver has been adopted, raising, however, the value of a given weight of copper coin to a much greater extent above the same weight of uncoined copper than we observed in the case of silver.

Our copper coin is established on this footing: the pound avoirdupois is coined into twenty-three equal parts, each of which is a penny or $\frac{1}{24}$ th of a sovereign. Thus a ton of copper is coined into 51,520 pence, or 214*l.* 13*s.* 4*d.*; and as the price of copper has generally fluctuated between 90*l.* and 125*l.* per ton, there can be no reluctance on the part of the government to keep the public well supplied with copper coin. The public are, at the same time, protected from being burdened with an inconvenient weight of copper coin; since copper coin is not constituted a legal tender for any sum larger than twelve pence. Accordingly, while copper, in common with all other commodities, fluctuates in value with the fluctuations of supply and demand, the copper coin fluctuates in value, not with the copper out of which it

is made, but with gold, or with the sovereign, of which it represents invariably the $\frac{1}{40}$ th part.

This minute investigation into the system of our coinage might, at first sight, appear rather out of place where the object is to distinguish, among all lines of conduct, those which we ought to adopt, and those which we ought to reject. It might be thought that the precious hours which were meant to be devoted to the most exalted and solemn subjects that can occupy the thoughts of man—his duties to his fellow-men, were being misapplied to matters comparatively mean and insignificant. But if it can be shown that a thorough knowledge of the principles of all monetary systems, and of the peculiar way in which they are applied to the coinage of our own country, is necessary to enable us to judge accurately, to escape illusions, to detect dangerous errors and expose fallacies, where right or wrong conduct depends upon our decision and upon our ability to convince and influence others, you will not consider any time and application ill-bestowed that were no more than necessary for the purpose.

It so happens that there is scarcely a concern in life into which money-considerations do not enter. Wages are paid in money. Capital and profits are estimated in money. Rents, dividends, and interest are paid in money. Purchases are made with money. Charitable subscriptions are collected in money. Taxes are levied in money. The marriage festival and funeral rites must be paid in money. One very common expression for distress, whether of the government or of individuals, is the want of money. All these matters are subjects

of daily arrangements, discourse and contention. Can you be surprised, when the parties who discuss these matters have never studied, as you are doing, the principles involved in them, that they should be misled by superficial and fallacious appearances?

They who can put up with such a cause of destitution as "want of money" are scarcely aware that they are deceiving themselves with mere words; that by "want of money" they really mean "want of victuals, clothes, and lodging," and that this is destitution. If the money in the world were increased tenfold, everything else remaining the same, there would not be the less destitution. Prices would rise; and wages, rent, &c., as estimated in money, would accommodate themselves to these higher prices. Would people be better off than before? Would there be more victuals, clothes, and lodgings? Would not the rich and the poor still preserve their relative positions in regard to one another? There is but one way of altering their relative positions on the spot and temporarily, and that is by taking from the former to give to the latter. There is but one way of altering their relative positions hereafter and permanently, and that is by removing the causes of destitution, whether this destitution be talked of as want of money, or faithfully described as want of victuals, clothes, and lodging. With rare exceptions, the causes of the destitution everywhere observable are ignorance and bad habits, which are not to be kept at bay, whatever other means may be required for the purpose, unless good teaching and training lend their aid to the work.

If an increase in the quantity of money would bring no alleviation to any of our social ailments, would a diminution in the quantity of money be an aggravation of them? If the money in the world were only one-tenth of its actual quantity, all other things remaining unaltered, should we be worse off than we now are? No. We should be neither worse nor better. Prices would be lower, and wages, profit, and rent, estimated in money, would be lower, but the smaller sums of money would exchange for as much food, clothes, lodging, &c., as the larger sums did before; and of what are *real* wages, profit, and rent, made up?

There is another extraordinary, and at the same time dangerous, error, originating in an ignorance of the causes and consequences of fluctuations in values and prices, and of the limited functions of money, to which utterance is given in seasons of deficient harvests. The price of bread rises—that is, the value of money, as measured in bread, falls. In such seasons wages, measured in money, do not rise—they remain the same, and in some departments of industry they even fall. The money-wages of numerous classes, as we all know, are not more than is desirable for their welfare with the low prices of abundant harvests. “Let the money-wages be raised in proportion to the rise of prices! The wages *ought* to be so raised. It is inhuman of masters not to be more considerate of their servants, and to shut their ears to this very obvious claim upon their justice and good feeling. It is not to be endured that the condition of the labouring classes should be depressed in this way.” When lamentations, exhortations, and

expostulations, such as these, are uttered in good faith, we cannot but sympathise with the benevolence, however much we may deplore the ignorance, of those who utter them. Is it not astounding that there should be people who can miss seeing that a rise of money-wages commensurate with the higher price of bread consequent upon a bad harvest would imply undiminished consumption while there was less to consume? These very people would be shocked at the thought of instigating to a distribution of full rations when a restriction to half-allowance was necessary to eke out a deficient supply till relief could be obtained. Why, then, should they neglect, when money is introduced, to study the principles on which its uses are based, and thus guard themselves against bewilderment and delusion, making philanthropy a nuisance; distracting attention from the only means of mitigating the suffering consequent upon a short supply—a well-adjusted short allowance, and from the only means of preventing suffering from future deficient harvests—a judicious reserve out of the comparative superabundance of good harvests.

How frequently do we hear complaints of high prices! These complaints, it may be supposed, do not proceed from the same persons who clamour for “more money” to supply the “want of money.” Strange as it may appear, however, the same parties make both complaints, quite unconscious that an increase in the quantity of money to supply the want complained of would lower its value, or raise the prices likewise complained of as being too high. But is there any reason for stigmatising high prices as evils—as something to be deprecated?

High prices—say high prices of food, by which we mean prices higher than usual—are generally caused by deficient harvests. When high prices are made the subject of lamentation, is it the high price or the scarcity that is really deplored? Which would be the greater calamity—actual or imminent scarcity without high prices, or with high prices? Good and bad harvests occur in no established order that we have been able to trace. Several good and several bad harvests are known to have occurred in succession; and man must be ever on the watch—ever prepared to meet the bad harvests when they arrive. Happily, however, the good and the bad are generally preceded by prognostications.

We may take an ordinary case for examination,—a bad harvest following a good one or a succession of good harvests. Prices of food are low—very low. Consumers are indulging in ample allowance. In April or May unfavourable indications of the growing crops present themselves. They are noticed by observing, vigilant, and thoughtful people. Some farmers hold back more of their corn than usual from market; millers and bakers keep themselves fully stocked; dealers are more eager to buy than to sell. The unfavourable indications continue through June and July, and a similar line of conduct is pursued by farmers and others. Does the price of wheat rise or fall? It rises, since the supply at market is diminished. Does that tend to increase or to diminish the quantity consumed? To diminish it, of course, for the time. In August and September, the worst fears in regard to the

character of the harvest are realised. Will the price of wheat rise still more? Most likely: that which was considered probable having actually come to pass. Will as much as usual be consumed? Certainly not, because there will be less to consume; and that fact will be generally forced upon the attention of consumers by the rise of price. May the prices of wheat be expected to prevail high or low during the succeeding spring and summer. High, on account of the scarcity; but influenced somewhat by the prognostications in regard to the approaching harvest. Would they be as high as if prices had not risen in the preceding April or May? No, because the wheat kept back from market in the first instance remains to be brought into consumption; and besides, because notice was thus early given in all other parts of the world where the harvests might be good, that a fair prospect of profit was offered to merchants who would make shipments of corn.

Under such circumstances, what should we say of the high prices of April and May, and the still higher prices of June and July? Should they be considered a curse or a blessing? A blessing, since they were the means of economising consumption during a period of comparative abundance, to increase the supply during a period of scarcity. You cannot, however, bring yourselves to speak of high prices in terms of unqualified approbation: they seem to be associated with scarcity and privation. This is true, but then, we should be careful to ascertain what it is that we have to dislike, and if possible to prevent. It is not the high price, but the scarcity which, but for the high price, would be

more severe and unendurable. Deploring, not the high prices, but the scarcity and privation, we are thrown back upon the lessons so clearly printed upon the pages of the great book of life already perused, and which are again confirmed here—that scarcity of wealth among a people betokens scarcity of knowledge, of skill, and of good habits; and that more wealth, and a more equable supply of it are only to be attained by the rectification of the intellectual and moral defects indicated, mainly by means of the better teaching and training of the young.

There are other matters arising out of the adoption of money, and connected with its uses, which yet require to be observed and studied. But you have learned enough, even thus far, to satisfy you that the morals of money is a subject not to be omitted in a religious education; whether we consider such an education as a preparation for ordinary life, or a preparation for the more exalted duties of instructing, guiding and governing others. Where these duties have to be performed in behalf, not of the young, the ignorant, and the untrained, but of the adult, the prejudiced, and the ill-trained, other attainments are called for. Teachers of the prejudiced and perverted need, of course, to have knowledge, and also aptitude in expounding it. They need, besides, to be familiar with the forms of prevailing prejudices and with the disguises under which errors are concealed; and to be skilful in stripping off these disguises so that things under them may cease to be thought what they really are not. In this work, the religious teacher must prepare for the mortification of encountering others who oppose him in the name of religion; and

strange as it may appear, he may be held up to scorn and reproach as a "Rationalist" because one characteristic of his teaching is that he represents religion and reason as ever indissolubly united. One might fancy from their discourse that they were claiming to be called "irrationalists." They certainly deserve the title.

It is, I hope, reserved for you in your declining years to look back upon effective services rendered to society, through the better instruction of the young and the correction of the adult prejudices and superstitions which have originated in defective instruction. It will happen to you, while engaged in the busy strife which must precede this happy consummation, to preach and expound, over and over again, in every variety of form, the lessons of life which we have been studying together. Among other experiences, you may meet with men who will console and justify themselves and others, while soliciting charity or appealing for forbearance in the enforcement of claims against them, that they had, in the days of their prosperity, always shown a "contempt for money." Is there anything laudable or to be boasted of in this contempt for money? What can be meant by it? Surely money, as a medium of exchange, as a powerful auxiliary in promoting the efficiency of industrial effort through division of labour, is no more to be despised than the kitchen and other domestic utensils which conduce to the wholesomeness of our food and to our gratification at meal time. Is it to be despised as a mark of the industry, skill, intelligence, and fidelity with which the workman has done his master's work? or as a mark of the success with

which the administrator of capital has directed the producing power placed at his disposal? Can it be meant that money ought to be despised as a mark of the frugality through which a weekly, monthly, or annual surplus is left out of earnings to guard against the wants of illness and old age, or to guarantee the efficient performance of duties to others? or as a mark of the security which is being provided for the future, through the judicious investment of savings in loans to those who can employ them profitably? Nothing so vile could be thought of as to commend a man for his "contempt of money," because he squandered it in luxurious living, spent it under the name of hospitality, in display, or, under the name of generosity, on the worthless.

If religious teachers, in their commendations of those who despise money, have it in their thoughts to censure an inordinate craving for wealth, they would do more credit to their sacred calling by making themselves thorough masters of the kinds of conduct which they ought to denounce, and of those which they ought to uphold. How is the inordinate to be distinguished from the commendable craving for wealth? Ought not every religious teacher to apply himself to the solution of this question, and then only put the stamp of his commendation upon that mode of dealing with wealth which promotes the general well-being? The religious teacher who acts otherwise, who from adherence to vicious custom and routine, from apathy or indolence, neglects to study and understand the distinctions between a good and a bad use of money, and directs his animadversions

indiscriminately against both under the name of "love of money," will only be saved from inflicting damage upon religion by the capacity in those whom it is his office to teach, to discriminate between true religion and his falsification of it.

An inordinate love of wealth can only show itself in the neglect or disregard of duty for the sake of getting more, or in the neglect or disregard of duty, the performance of which demands that wealth should be parted with. Let these neglects or disregards of duty be represented in their proper colours! Let the young be cautioned how to guard against the early symptoms which, little by little, become developed into malignant offences against morals and religion! Let them be taught to cultivate the feeling, throughout their industrial career, that wealth is to be earned and used and saved from a sense of duty, and that the sphere of duty widens as the production and accumulation of wealth proceed. Declamations against wealth and wealth-possessors, under the names of money and moneyed men, are assaults upon all the good qualities, because a few bad ones are hidden among them.

You may meet with another curious specimen of moral teaching which has attached itself to that ill-used word "money." Should it survive your time, you ought to be prepared to bring it face to face with the principles and practical rules of conduct which you have culled from your readings out of the great book of life. Among the many evils that afflict society, few are to be compared with "inadequate wages and the degraded condition of those who are compelled to put

up with them." You have investigated some of the causes of this degradation, and you have carefully examined some of the means for removing and counter-acting these causes. Fresh from your studies, and inspired with the thoughts consequent upon them, the moralists, to whom I am now introducing you, will take you by surprise. They seem to despise the slow and laborious process of investigation, while they give expression to intense feelings of commiseration for those who suffer, and of indignation against those who do not suffer, and whom they assume to be the causes of the sufferings of others. Quick and compendious is their process, but unfortunately it leads them astray. The "money-nexus" is oracularly pronounced by them to be the cause of degradation to labourers. By "money-nexus" can only be meant the payment of wages in money in return for work done or promised to be done. How this produces the deleterious effect imputed to it is not explained. If wages were paid in kind, if labourers were lodged by their employers, as well as clothed and fed, there would still be bad and good masters, and bad and good servants; and they would exercise an influence over one another. The same causes would be at work to produce wages varying from the highest to the lowest, down to the refusal of wages altogether; and also to produce intermittent employment and change of service. Would it not be equally irrational to rely upon the continuous supervision of masters for the good conduct and improvement of their servants, either during the hours or out of the hours of work? The payment of wages in money does not deprive the

employer of any of his interest in the efficiency of his workmen's service. By means of task-work and other tests of capacity, he will be watchful to get his money's worth out of those who serve him. As with the master who might pay wages in kind, so with him, he cannot give good qualities to his labourers, but he encourages them if they be brought and applied to his service. Neither can he remove bad qualities from his labourers; but he discountenances them to the utmost when they are inflicted upon him.

You ask, Can any persons, calling themselves teachers of religion and morals, be in earnest when they preach against the love of money, and speak scornfully of the "money-nexus?" Do I not mistake their meaning? Should you not rather ask, Do they understand what they are discoursing of? Are they not in the position of people who suspect that there is something connected with the use of money which is to be reprehended, but do not perceive clearly what that is, or how to distinguish it from other uses which are commendable? The most lenient sentence that can be pronounced upon such teachers is that they know not what they do. Their words either have no meaning, or so far as they have any, they are false and contradictory. They cannot be harmless. Sensible men will distrust the capacity or sincerity of such teachers; and those who need instruction will be deceived, or have their attention distracted from the further cultivation of those good qualities, the deficiency of which is at the root of all social degradation.

CHAPTER XIII.

Morals of buying and selling—Buying in the cheapest, and selling in the dearest market—Is this a good or a bad practice?—How it is exemplified in the conduct of farmers, of manufacturers, of carriers, of merchants, of shopkeepers, of labourers—Activity in procuring information—Sagacity in anticipating wants, and readiness in supplying them—Ought information specially sought for as likely to influence prices to be divulged before attempting to buy or sell?—Conduct of all the above classes as consumers—Confused notions upon these subjects among some calling themselves moralists—Accuracy of knowledge essential to strength of conviction and decision of judgment, hence to good conduct, and hence to individual and general well-being—Character and connection in aid of conduct—Competition.

HAVING carefully studied the causes of fluctuations of values, and having added to the knowledge acquired by this study, the further knowledge that fluctuations of prices, which are nothing more than fluctuations of values measured in money, require us to give little heed to anything except the changes in the supply and demand, and cost of production of the commodities whose prices we would consider, you are now prepared to enter upon the study of what may be called the morals of buying and selling.

All industrial operations are conducted by the administrators of capital, whether the capital be their own or trusted to them by others. The value of this capital, as a whole and in all its parts, is measured or estimated in money. However engaged, every step in its progress and transformations is estimated and noted in money.

Labourers are hired with money. Materials are purchased with money. Rent is paid in money. Buildings are erected with money. Repairs are effected with money. The loan of capital is obtained in money; and to whatever uses it may be applied, in whatever forms and places it may be fixed, in a ship, in a flock of sheep, or in a reservoir, it must be repaid in money. The interest of borrowed capital is paid in money. Produce is sold for money. Dilapidations are estimated in money. The balance of profit or loss is shown in money. This measuring of every article of wealth, and of all the industrial powers concentrated on its production, in money—the universality of its application as a means of simplifying, quickening and facilitating all the arrangements for the profitable employment of capital, has led to some strange errors and illusions. It has caused capital and money to be frequently thought and spoken of indiscriminately, one for the other, and sometimes to be confounded one with the other; giving rise to such grievous mistakes as the looking for an increase of capital through an increase of money and not through improved industrial qualifications; and the estimating of a nation's prosperity, not by the quantity of wealth, but by the quantity of money in its possession.

The capitalist's operations, conducted with a view to earning the largest possible profit, would appear to lead to his buying at low prices, selling at high prices, and organizing all his establishment efficiently and economically. Included in this would be the purchase of the largest value of work to be performed or of

services to be rendered in proportion to the wages paid. Such would be the character of the efforts of all capitalists—of farmers, of manufacturers, of carriers and of merchants and retailers. Their dealings would be largely with one another, and meeting as buyers and sellers, their wishes in regard to prices would point in different directions.

The labourers, again, having first sought to sell their labour for the best attainable money-wages, would go to market to purchase at the lowest possible prices, thereby securing the largest possible real wages. The landlords, house proprietors, and lenders of capital or annuitants, also, having secured their money incomes according to their opportunities, would be active in procuring with their money such means of enjoyment as corresponded with their habits, tastes, and aspirations.

In the face of all these proceedings, which are of every day occurrence, we will now raise the moral question: Are they right or wrong? Ought they to be encouraged or discountenanced? And if it be impossible for law to prevent them, ought public opinion, formed and fostered by good teaching and training, to frown upon them?

To simplify our inquiry, let it be understood that we exclude from among the means of raising or lowering prices and wages all attempts at fraud in the qualities and quantities of commodities or work to be disposed of, or in fulfilling contracts. Dealers offending in this way sin against law and morality. We equally exclude all attempts to charge more than current prices

in shops and markets, on no other grounds than the ignorance, heedlessness, credulity, or faith of purchasers. Dealers who allow themselves to be seduced into such practices deserve to be abandoned by their customers; and by their consequent ruin to be held up as a warning to all who would introduce distrust and double-dealing into trade. We have now only to investigate and decide upon the character of transactions concerning which no conclusions have been positively arrived at and on which no judgments have as yet been definitively pronounced in these lessons. To do this satisfactorily, we will have a number and variety of cases before us. To begin:

A farmer whose farm is nearly equi-distant from three markets, has occasion to dispose of corn and sheep once a month, or thereabouts. He always inquires beforehand at which he is most likely to get the highest prices, and then sends to that market. *Ought* he to do so? Yes; because by so doing, as far as can be judged by him, he really sends his supplies among the people who most need them. From time to time he requires manures not procurable on his premises, seeds and new implements, and he only purchases after he has ascertained where they are to be had best and cheapest. *Ought* he to do so? Yes; because by so doing he purchases of those who, as far as he can judge, have most need to dispose of the commodities which it suits him to buy; and, besides, he encourages those who evince the greatest ability in serving society. His success and the perception of undeveloped elements of production in his farm make


~~the following cases.~~

him contemplate a further outlay of capital. He wants more labourers—some, in particular, with more skill than those immediately around him. It will answer his purpose to engage them at double or treble wages. Without their help the contemplated improvement must be abandoned. He knows the opposition that awaits him from ignorance and jealousy; but being a man of energy, and tact, and judgment, he is prepared to reason away and clear up misapprehension, allay angry feelings, and resist mischievous dictation. He engages superior labourers. *Ought* he to do so? Yes; because by so doing he is encouraging useful attainments, promoting abundance, and introducing opportunities of acquiring knowledge and skill to all in his own neighbourhood, especially the young, who may learn from the new comers.

Such a farmer as the one we have before us is alive to all contingencies. His past harvest has been one of abundance. He has, for the season, a large stock of grain. Prevailing prices have been low—say 5s. a bushel for wheat. It is May. The winter and spring have been unpropitious. The prospects for the growing crops are reputed to be bad. He thinks that 8s. or 10s. a bushel is likely to be the price before September. He withholds his wheat from market. Some of his neighbours share his opinion and follow his example. The millers are anxious to buy more wheat and to keep back some of their flour. While the bakers are on the look-out to be fully supplied. The supply at market is less, the demand greater. The price rises. *Ought* the farmer to act in this way? Yes; because

if he is correct in his judgment he helps to enforce economy during comparative abundance for the purpose of providing food during comparative scarcity. If he is out in his judgment he is the loser by the lower price to which he has to submit after harvest. The evil to the public from such miscalculation is temporary short commons, an evil of far inferior magnitude to that of no commons, where the probability of a bad harvest has not been contemplated by anybody.

Although we may safely conclude that the farmer is doing good service to the community when he holds over a portion of his abundant crops to add to the insufficient supply from a bad crop, we should not be justified in assuming that he was deserving of blame when he held over some of his small crop to swell the abundance of a large crop. Till a harvest is actually reaped and secured, can its produce be safely relied upon? Have we ever known crops that promised badly, take up at a later period, and harvests of extraordinary promise seriously damaged by a continuity of bad harvest weather? Would it conduce to the well-being of society if nobody were willing to hold over corn from one season to another, to meet the coming crop whatever it may prove to be? No; for there would be perpetual danger of famine. What inducement can the farmer have to hold over from one season to another, knowing that he will frequently have to sell his corn at a lower price, after harvest? His inducement is to be found in a high price, after occasional bad harvests, more than compensating for the loss



from the low prices consequent upon many good harvests. We must, accordingly, allow not only that the farmer ought to withhold his corn from market with a view to obtaining higher prices after a bad harvest; but that he ought to encounter the risk of frequent losses from abundant harvests and low prices, in order to realise the gain from deficient harvests and high prices.

With slight alterations to adapt what has just been set forth to the business of a manufacturer, all our foregoing reflections would be equally applicable to the "morals" of his proceedings. For the sake, therefore, of investigating a case which will afford some scope for varied observations, we will next have before us, not a manufacturer actually established, but one about to establish himself—a man who, having served the requisite apprenticeship, acquired habits of business, saved capital, and established a character, has likewise attracted capital to himself from other quarters, whether with or without partnership. His object being to realize as much profit as possible with his capital, with that view, he fixes upon a site for his factory, plans and erects it, selects his machinery, draws together his thousand workpeople, from the foremen down to the boys and girls, from all parts, according as he can find them most available for his purpose, that is, able to yield him the largest amount of profitable service in proportion to what he pays as wages; and he looks after all the details of his work as he proceeds, much in the same spirit as the farmer. Two sites for his building, equally favourable in every other respect, are

offered to him—one of fertile, the other of barren land. He takes the cheaper—the barren. Two gradations of workpeople are required by him. Out of the lots of each of these two gradations, equal in all other respects, he selects those who will come to him for the lowest wages. *Ought* he to do so? Yes; because by so doing, he, as far as in him lies, applies the land to the best purpose for the community, best performs his duty as an administrator of capital in supplying abundance, and as regards the labourers, engages those who, at the time of his coming, were the worst paid in proportion to their merits, directs them in the performance of their work, and promotes the most capable.

The carrier, whose proceedings we will examine, is a shipowner. He owns a large fleet, some of which need repair and others need to be replaced by new. All the great ship-building places are open to him. Not to mention foreign ports, London, Liverpool, Glasgow, Newcastle, Sunderland, Dundee, Aberdeen, Southampton—each supplies names in high repute for some special qualities attached to ships of their construction, both in wood and iron. From among them all he selects that builder who in his opinion will furnish him with an instrument for earning the largest freights for the longest periods at the smallest cost. For the purpose of cheap, speedy, and efficient repairs, he will even calculate whether removal from one port to another, with all its attendant risks and expenses, might not be advisable. Having purchased, repaired, fitted and manned his ship in the very best manner, regard being had to the contemplated service, at the

smallest cost, he fixes its destination, east, west, north, or south, according as the prospect presents itself to him of earning the freight largest in excess of his outlay. In engaging his officers and crew, he gives a preference to those who have already served him well, and tries to make them comfortable on board, wishing to feel secure of retaining their services for the voyage out and home, and knowing that their desertion might entail upon him, not merely loss by the voyage, but perhaps loss of his ship. Their negligence or incapacity while acting as his servants might cause death and destruction of property to others, and thereby bring ruin upon him through the damages for which he would be liable. To guard against such frightful losses and responsibilities he is inexorable in rejecting officers of proved incapacity, and cautious in engaging those who have not been thoroughly tried. *Ought* he to do all this? Yes, because in so doing, he encourages the best builders, and through them the most skilful artificers; and he allows his ships to be engaged where they are most wanted, *i. e.*, he assists in carrying merchandise from the places where it is least wanted to others where it is most wanted, and when there is more merchandise for shipment than tonnage for its accommodation, he gives priority to that of which the transport is the most urgently called for. He makes, besides, this announcement to the whole mercantile marine: "The best among you are preferred, and especially those of whom I have had experience in former voyages; and your health and your comfort are cared for, it being my wish

that we should become mutually attached to one another."

The merchant's business differs from that of any of the preceding in this respect. Although their business cannot be carried on without buying and selling, these operations are secondary and subordinate with them, whereas with the merchant, they are his primary and principal object. They buy one set of commodities and sell another. He buys and sells the same. His profit is the excess or part of the excess of the price at which he sells above that at which he bought the same commodity. Probable future prices are the subjects of his thoughts and calculations. As often as possible to buy in the cheapest and sell in the dearest market is his constant endeavour. Let him be ever so shrewd he will sometimes be mistaken, or ever so circumspect, improbable occurrences will interfere with the fulfilment of his expectations. He will be prepared for such contingencies, and satisfied to persevere in a business where the profits on his successful transactions are sufficiently large to compensate for occasional losses. If he be accustomed to deal in commodities peculiarly liable to be influenced by vicissitudes of weather, he will ever be prepared for exceptional cases of disappointment. He supplies Europe with the products of the Brazils and the West Indies. His extensive correspondence and the telegraph wires put him in possession of information from all markets, to the latest time, of the stocks and prices. His instructions to purchase are based upon this information. In order to secure the highest

possible sale-prices, as a means of increasing his profit or diminishing his loss, the ships which carry his cargoes are appointed to call at Queenstown, or Falmouth, or Cowes for his orders; and according to the state of the markets, he directs them to London, Liverpool, Antwerp, Hamburg, Königsberg, Stockholm, Trieste, or Constantinople. *Ought* he to do so? Yes, because in his never ceasing endeavours to resort to the cheapest market for his purchases, and to the dearest for his sales, as far as he can judge, he is ever buying of those who are most anxious to sell, and who, but for him, might be compelled to put up with lower prices, and ever selling to those who have most need of his merchandise, and who, but for him, might be compelled to purchase at higher prices: thereby striving with all his might to distribute among the industrious of all parts of the world, the rewards of their industry in the form and at the time most acceptable to them.

We must not omit to notice that exception has been taken to the universality of this rule of morals in buying and selling. It has been objected that the merchant who by the vigilance and activity of his agents is possessed of information unknown to others, places all who deal with him at a disadvantage; and that *he ought not* to avail himself of his superiority in this respect in his dealings with them. If you were told, for example, of a merchant who, wishing to buy some commodity and being exclusively possessed of information that would, if known to others, create a rise in its price, instead of buying at the lower price, first divulged what he exclusively knew and then purchased

at the higher price: what would you think of his conduct? You would think him a high-minded honourable man. There is something in a refusal of the profit thus presented which commands our respect and sympathy. His intention to act rightly, to do what he considers his duty, cannot be doubted. But our admiration of goodness of disposition and intention must not seduce us from the careful exercise of our judgment upon the consequences of the act; and by their consequences must acts be judged, whatever we may think of the disposition and intentions of the persons who perform them. We may admire the courage and devotion of the Indian widow who flings herself on the funeral pile of her husband, although our sense of duty would lead us to assist in putting a stop to so barbarous and superstitious a practice.

Do you feel prepared to condemn the merchant who buys or sells without previously divulging the information of which he is exclusively possessed, as low-minded, deceitful, or uncandid? You hesitate. You know that most merchants act in this way. You must hope, at least, that they believe themselves to be justified in acting as they do. But are they right or wrong in so doing? What would be the consequence if persons engaged in mercantile pursuits thought themselves morally forbidden from profiting by the information which they might succeed in obtaining to guide their operations? Does not the apparent difficulty in settling this question originate in our limiting ourselves to the consideration of a part of the circumstances, instead of ascertaining and mastering the whole

of them? Are the parties who would raise the objection prepared to contend that it is not for the benefit of society that a portion of its members called merchants should be specially devoted to obtaining all the best and earliest information concerning the future supplies and wants of all the markets? If they are not disposed to forego the advantages so evidently dependent upon this department of the division of labour allotted to merchants, how can they avoid sanctioning the only reward which is available to remunerate them for their services and outlay? We will cite a case for the purpose of elucidating the "morals" of this question—of testing and determining whether we ought to adopt prevailing mercantile practice, or the objection raised against it.

Rumours, which have prevailed for some time, of an extensive failure of the potato crop, assume a decided consistency early in September, but two days after the departure of the overland mail to India. Orders for the purchase of grain are going forth from the merchants to all parts of the world. It has occurred to some of them to telegraph to Marseilles to their correspondents, so as to overtake the mail, and thereby transmit orders for the purchase of rice in India. One among them, more alive to remote contingencies than the others, telegraphs besides to Trieste. The Marseilles steamer breaks down; and one telegraphic message alone is conveyed to India. The merchant to whom it is addressed at Bombay, imbued with the same energy and caution that characterize his correspondent in London, telegraphs to Calcutta and Madras, whence

orders are transmitted to Arracan, Moulmein, and Rangoon—the outlets of the great rice districts on the eastern side of the Bay of Bengal. By this activity, large purchases of rice are made much sooner, and at much lower prices than they otherwise would have been. *Ought* the merchant to act in this way? Yes, because, by so doing, he exerts himself to prevent any unnecessary delay in raising the price and checking the consumption of an article likely to be much needed by the human family, in regions where it is abundant, and in increasing the supplies and lowering the prices where it is deficient.

The retailer or shopkeeper cannot fix his prices above those asked by others for articles of like quality in his own neighbourhood. He must attend to this, or he will speedily be deserted by his customers. His hopes of profit must be based upon the judgment with which he makes his purchases and hires and fits up his premises, the taste with which he displays his wares, the tact with which he applies his wages-fund in hiring and attaching to himself devoted, civil, and prepossessing servants to wait upon his customers—to attract new and retain the others. He, and others like him, through the perfection of their arrangements, will perhaps sell to the public at prices out of which less competent tradesmen can obtain no profit. It might even happen that a new comer with these gifts would start in business and undersell others who were conducting their business in a slovenly, or clumsy and obsolete manner, buying at higher prices, paying higher wages, and getting worse services than he. *Ought* he

to act in this way? Yes; because by so doing he collects from all parts such things as the public around him desire to consume, and distributes them in the quantity and of the quality most acceptable, with the smallest possible increase of price to compensate for his services.

The labourer (using the term in its widest sense) or the man who sells his services to the administrator of capital, whether he be farmer, manufacturer, carrier, merchant, or retailer, seeks an employment suitable to his temperament and acquirements, and other things being equal, selects the highest wages procurable. According to his age and circumstances, he shifts his trade or place of work to another part of the same country or to another part of the world, attaches himself to his master or courts a new one, always working, whatever his employment or whoever his employer, as if working for himself, improving his industrial capacity, establishing his character and raising the worth of his labour, the price which he obtains for it and its probable future price. *Ought* he to do so? Yes; because thereby his labour becomes most effective, is applied in the best place, and by the employer who can best direct it to supply most appropriately the wants of the community, so far as is compatible with his own notions of what will conduce to his own happiness. The labourer, however, who conducts himself in this manner is unconsciously doing his part to maintain and confirm the tendency of the efforts of all—employers and employed, to apportion wages among the labourers according to their several merits and

their estimation of the employments open to them. In selecting one employment rather than others, so far as one unit more or less is felt among a thousand, he helps to keep down wages in the employment of his selection. In quitting one service or place of work for another, he raises wages by his withdrawal, just as much as he depresses them by his accession. Whatever influence the employers can exercise over wages by their attracting labourers from one employment or neighbourhood to another, it is no greater than what is exercised by labourers when the initiative is taken by themselves.

The conduct of all these parties—capitalists and labourers, in their character of consumers, still remains to be considered. They receive their incomes in money. How do they set about the business of buying? It cannot be doubted that, as a rule, they look to procuring with their money what they most want, and as much of that as possible. *Ought* they to do so? Yes; because in so doing they encourage those who are most competent in their several departments of industry to supply the community with commodities abundant in quantity and excellent in quality, and to distribute them where they can be most conveniently purchased and consumed. The effort, however, which tends to lift men into the places which they are competent to fill, also tends to drive men from the places for which they are incompetent. They are displaced, not by the competency of others, but by their own incompetency. This incompetency may be of two kinds, partial or general. A man may be deficient in physical strength,

in quickness of sight or hearing, in discrimination, in powers of endurance or of continued application. He is warned by the low price which is offered for his labour or wares, to keep out or to get out of every business where the quality in him deficient is indispensable to success. A high price for his labour or wares may be his, if he have the sagacity to seek out the business where the qualities with which he is gifted are indispensable: thus happily circumstanced, success will be certain, provided those industrial efforts are made, without which attainments and talents are almost powerless. The case of the man who is afflicted with general incompetency is beyond the reach of industrial alleviation. The idle, the ignorant, the dishonest, the drunken, and the reckless are condemned by the unanimous decision of all buyers to put up with prices low and unremunerating in proportion to the depth and extent of their bad qualities, as manifested in the folly or depravity of their conduct.

The hopelessness of the generally incompetent or depraved classes should remind us, if otherwise likely to forget anything so obvious, that the duty of buying in the cheapest and selling in the dearest market, does not comprise the whole duty of man. Nevertheless it is an important duty; and as such should be studied and understood, so that it may be performed with zeal and ability. Work to be well and vigorously done must carry conviction and sense of principle and consistency along with it. The determination to act scrupulously up to what is believed to be right is to be admired in others and cultivated in ourselves, and should be based,

therefore, upon most earnest efforts to distinguish the right from the wrong. Sad, indeed, would it be for mankind if among the efforts to buy at low prices and sell at high, no distinction could be seen between striving to surpass others in intelligence and alertness or to excel them in calculating consequences; and striving to deceive by false weights, deceptive samples, or adulterated commodities.

There still remain all duties other than industrial duties, many of which can be little more than glanced at here; every one of which, however, is likely to be the better performed in proportion as the industrial duties are clearly defined and steadily attended to. As each man by the successful performance of industrial duties encourages the competent, and offers facilities for self-improvement to the diligent and well-disposed, while he utterly rejects the generally incompetent and ill-disposed, so does he rise to something approaching the perfection of humanity when, after having successfully performed his industrial duties, he bends his thoughts and lends his aid to the diminution—to the extinction, if possible, of that fearfully large amount of incompetency which may be clearly shown to originate in neglected and ill-directed teaching and training.

Our interpretation of the “morals of buying and selling” is the one tacitly adopted and really acted upon in the industrial world. Men buy in the cheapest and sell in the dearest market. They buy the best services they can obtain for their money; and sell their services, whatever they may be, for the highest wages obtainable. There are people, calling themselves moralists too, who

declaim against these doings one by one, not seeing the self-contradictions in which they become involved. Low and high prices, low and high wages, low and high profits are, each in its turn, denounced as causes of human misery; and thus the real causes of that misery, being unsought for, are not brought to light preparatory to their removal. Masters are blamed for the low wages of their indifferent servants, and for withholding service from the thoroughly incompetent. The high wages of confidential and able servants are looked upon as abstractions from the labour-fund out of which the low wages of others ought to be increased. Low prices, it is said, ruin sellers, and high prices plunder the buyers. The high profits of successful capitalists are represented, not as so much wealth added to the stock already in the world, but as so much abstracted from the labourers in their employment, or from the unsuccessful capitalists whom they outbid or undersell.

Fluctuations of prices are but manifestations or expressions of the varying wants of the inhabitants of different countries. A bad harvest all over the world causes a universal rise in the price of provisions, which is an expression of the need of economy—the only means of alleviation. A bad harvest in one part of the world causes a rise in the price of provisions in that part, and expresses, besides the need of economy there, the willingness to give to the inhabitants of all other countries much more than what they can generally obtain for a share of their provisions. The more intelligent the various nations, the more clearly and the more accurately do these fluctuations express their

several wants—not their actual wants only, but their prospective wants as well. The quick apprehension of coming want prevents its coming, or so dilutes or intermixes it with abundance, as to turn alternations of superfluity and scarcity into moderate undulations of greater and less abundance. Prices, under these happy circumstances, are also the expression of the industry, skill, and knowledge by which commodities are produced sufficient in quantity and of a quality that admits of their being preserved for several years, and of the economical habits which make preparation for the future an essential part of present enjoyment.

The result of our investigation into the morals of buying and selling has been to elicit nothing that would induce us to ask for the interposition of legal authority, or even for that of public opinion, to prevent or diminish the freedom of dealing between man and man, or of interchange among nations. The tendency of all the operations of buying and selling, as far as we have been able to learn, is to distribute wealth throughout the world in such a way as to place its guardianship, its employment, and the enjoyment of it, where it is most likely to conduce to human well-being.

You do not shut your eyes to the fact that the state of well-being falls far short of what is desirable, and of what you think it yet remains to be raised to, even in those countries which stand pre-eminent for their civilization. You do not hesitate to assign as causes for this low state of well-being, the wide prevalence of bad qualities; and you confidently reckon upon the future diminution of these bad qualities, through the influence

of sounder views in regard to education, and of the more energetic performance of their duties by religious teachers.

But are there not many cases of privation which it would be harsh and unwarrantable to refer to error or weakness of conduct? Do we not hear of want of employment? Do we not hear of highly qualified workmen who have been unable to meet with employers, although there may be many unknown to them who would be glad of their services and quite prepared to give them remuneration proportioned to their deserts? Do we not hear of tradesmen tied down, as it were, in neighbourhoods where they seem to be supernumeraries, consuming their capitals, while others of inferior capacity, more happily placed, are earning large profits?

We do hear of such cases—numerous enough at times to disturb society. They assume the form of a calamity, and must be thought and treated of as such. It would bring discredit upon us as religious men did we not hasten to the rescue of all who suffer under calamity. Will it not equally reflect discredit upon us if we neglect to extract out of such calamities, instruction for the young who are to come after us, to assist them to keep clear of the like? Ought it not, then, to be one of our aims in education, that thoughts of this kind should rise instinctively in all who go forth from our schools?

Effort is demanded of the young workman to qualify himself for good wages, to seek out a good employer, to keep to him when he has been found, and to be able to hold on without him in case of severance from him.

Caution is demanded of the workman before he quits subordinate, to undertake administrative employment, and to be prepared for the vicissitudes inseparable therefrom.

The young workman, properly taught and well versed in the consequences of adopting division of labour, is alive to the responsibility which rests upon himself, and from which he cannot escape, of seeking out a position where he can be employed usefully for others, of maintaining himself in it, and of transferring his productive powers when needful from one position to another. Three names will help to fix in his memory three things which his education should have made him feel to be essential to guard him against the vicissitudes of industrial life—vicissitudes no less a part of the conditions of existence, than the vicissitudes of the seasons. These words are “conduct,” “character” and “connection.” Conduct brings wages to the workman, and profit to the administrator of capital. Character is the external mark through which conduct is judged of preparatory to trial. Connection is that, the absence of which in adult life almost presupposes something wrong as regards conduct and character.

No delicacy, no forbearance is called for in familiarizing the young with the necessity of effort and caution on their part to cause the general tendency to good in industrial arrangements to work particular good for them. Not to take pains for the purpose should indeed be counted among the deadly sins of omissions of duty in religious teachers. It is far different with adults overtaken by the consequences of previous neglect of

effort and caution. They are to be pitied and relieved. Reproaches can only aggravate suffering, the causes of which, so far as they are concerned, have passed from our control.

The conclusions at which you have arrived, irresistible as they have appeared to you, are nevertheless, if not disputed, practically ignored by many who exercise considerable educational influence. In common with us, they lament the degradation which they behold, much of which, by the form of their lamentations, they conceive to be remediable. You trace this degradation to many causes. They are in the habit of fixing it all upon one cause, or perhaps upon the false appearance of a cause, sinking for the time being all consideration of other causes. Have you ever heard of "competition" as a cause of human misery? With such adjectives prefixed, as heartless, reckless, excessive, cruel, bitter, fierce, there are few evils which have not been traced to it. Its wrong-doings have in nothing been more conspicuous, as we are told, than in the reduction of wages to a most miserable pittance. Such a monster of iniquity as is here introduced to us under the name of competition ought to be "put down." But we must get at it first. What is it? Will nobody tell us? We have examined into the causes which influence the distribution of wealth among classes and individuals, in the shape of wages, profit, and rent. We found no necessity for tacking the name of "competition" to anything that we observed. We did find that the influence pervading throughout was "the desire common to all men to elect that which appeared most likely to con-

tribute to their happiness." Is this what is meant by competition? If so, does not competition tend to raise as well as to lower wages, or to promote their distribution according to the supposed merits of the various labourers who work for them, leaving average wages dependent upon the quantity of capital available for distribution among the whole of the labourers? Does not competition, if we can venture to assign a meaning to a term not of our selection, operate as much to raise as to lower prices and profits and rents, or, as we have expressed it, to lead to their conforming to those conditions of distribution which proximately hand over to each individual wealth in proportion to his industrial merits?

Some writers, giving the reins to their imagination, have created a "competitive system" the origin of almost all the evils that afflict society. Its abandonment, according to them, will be the regeneration of our race. It is melancholy to see earnest men running to and fro thus wildly with false lights, thinking to act as the guides and saviours of mankind. It will behove you to be at least as earnest in exhibiting your true lights, in laying down your buoys, and in teaching how their indications are to be acted upon, so that the waters of life may be navigated as nearly as possible secure from the danger of shipwreck.

CHAPTER XIV.

Morals of credit—Credit as a means of production—Various forms of credit—Bills of exchange—Who draws, who buys, and who accepts bills of exchange—Mis-use of credit, through ignorance, and through want of conscientiousness in contracting engagements for the fulfilment of which no provision is at hand—Duties of those who take credit, and of those who give credit—Precautions to be observed in the use of credit—No man's well-being independent of other people's conduct—Credit as a means of expenditure—Living upon past earnings, upon present earnings, or upon future earnings through the use of credit—Bankruptcy, a tragedy—The judge acts in the last scene—Who act at the opening?—Parents and religious instructors—Resources of religion, as the greatest of moral powers, imperfectly understood, and still more imperfectly applied.

It will at once occur to anybody, who has even but a little experience of what is daily occurring in the world, that we have not as yet exhausted all that is to be said upon the morals of buying and selling as ordinarily conducted. Although buying and selling mean parting with and receiving money for commodities, it is easy to perceive that, while the commodities bargained for are parted with, money very frequently does not pass.

On occasions of buying and selling without the passing of money, the prices of the commodities bought and sold are calculated and noted; and a promise, implied or expressed, passes for a time instead of the money from the buyer to the seller: when expressed, it is sometimes reduced to writing and the term of payment fixed. It will happen, also, that the same persons in

their transactions with one another will change positions, and become alternately buyers and sellers, so that after many purchases and sales, there will be little owing from one to the other ; or a very small sum of money compared with the value of the commodities bought and sold will suffice to square their accounts. This practice of buying and selling without money payment is so general as to have obtained for itself a name, and the parties who avail of it are said to receive and give "credit." Where credit is sometimes given and taken, and sometimes not, both credit prices and cash prices prevail, and the former vary according to the length of term for which the credit is fixed.

Persons who give credit evidently do so in the strength of the confidence which they feel of ultimately receiving payment. The greater their confidence, and the shorter the term for which credit is taken, the smaller will be the difference between credit and cash prices. When the confidence is small, and the risk is therefore considered great, the excess of the credit over the cash price will appear something extravagant ; but when there is no confidence at all, no credit will be given on any terms. Selling on credit is not the only kind of industrial operation which is based upon confidence. The letting of a house, or of apartments, especially when furnished, of carriages and horses, of ships, and of farms, particularly if well stocked and in a high state of cultivation, and the lending of capital, all suppose great confidence, the result of previous knowledge, or of inquiry into character and property, or of great imprudence.

Some of the evils resulting from credit based upon misplaced confidence, and from the misuse of the credit placed within reach of those who never gave a thought to the moral as well as pecuniary obligations incurred by all who accept it, are sufficiently notorious. Are they not recorded in our Bankruptcy and Insolvent Courts, in our County and Police Courts, in farms impoverished and houses dilapidated, while no rents are forthcoming, and in the complaints of parents who see their children leaving college with more debts on their backs than useful information in their heads or marks of moral training in their deportment and conversation?

Seeing the magnitude and extent of the disasters consequent upon the use of credit, should we be warranted in pleading for its abandonment? Or, putting our question in the form already adopted in our attempt to solve previous difficulties, *ought* credit to be granted and accepted? You are not prepared to give an unhesitating answer, either affirmatively or negatively? You would like, in the first place, to estimate all the good as well as all the evil consequences of the use of credit? to see which preponderated—the good or the bad? and then to examine further whether the evil are inevitable consequences, or whether they might not be prevented or greatly diminished? This certainly is the rational and conscientious way of dealing with important subjects presented to us for our judgment. No doubt it involves the labour of mastering a question previous to deciding upon it. The reward of this process is two-fold: the understanding is strengthened; and truth is approached, if not arrived at. How dif-

ferent is the result of ever evading difficulties, and taking shelter in such vague declarations as "The use of credit is good, but its abuse is evil," without a thought as to how the use is to be distinguished from the abuse.

An enumeration of some of the occasions on which credit is given, with the consequences that follow from it, will afford us an opportunity of examining carefully, and in detail, the advantages expected and attained from the use of credit, the dangers incurred, and the damages sustained; and the means, if any, available to us for diminishing the dangers and averting the damages.

The proprietors of lands and houses who let them give credit to their tenants, partly by confiding to them the possession, for a time, of what in reality is only lent to them, and partly by allowing the use of the property let to precede by some considerable time the rent to be paid for that use.

People who make use of carriers to get their goods conveyed from place to place, may be said to give them credit, inasmuch as they part awhile with the possession of their property, trusting that it will be delivered up in conformity with the agreement on payment of carriage or freight.

Masters and servants give credit: the former paying wages for services, the faithful performance of which can only be verified at some future time; the latter giving services, the purchase-money of which is sometimes not paid for months.

We have already sufficiently dwelt upon the benefits

resulting from granting and accepting credit in these forms. But there are losses and evils to be set off against these benefits. We hear of tenants who damage the property entrusted to them, and are defaulters on rent-days; of carriers, who fail to deliver the goods committed to their charge; of servants, who scamp their work; and of masters who leave wages unpaid. As landlords and tenants, merchants and carriers, masters and servants, continue to treat with one another in the face of these breaches of contract, it may be inferred that the instances of breach of contract are rare in comparison with those of their faithful performance. Nevertheless, the losses and evils are not to be denied. Were the breaches of contract to increase considerably, they might cause confidence to be shaken, and all further thoughts of making such contracts to be given up. The duty of the well-disposed members of society (of others it is vain to speak), with a view to preserve the benefits resulting from these contracts, and to provide security against the evils sustained through breach of them, is vigilance and circumspection, whereby the deserving alone will be admitted to participation in such contracts, and opportunities and temptations for their non-observance will be less frequent. To this must be added a diligent teaching and training of the young, whereby they may go forth in the world deeply convinced of the importance of credit, and utterly incapable of violating the confidence on which it is based.

But the credit which I would more particularly invite you to examine just now is the credit given

by sellers to buyers, mixed up as it is with that given by lenders to borrowers, and also with that given by buyers to sellers. What are the advantages resulting from this credit?

The advantage of the practice of lending and borrowing, as we have already observed, is to transfer the administration of capital from the less to the more competent, from those who do not, to those who do know how to conduct it.

Ease and quickness of interchange, which we saw to be greatly promoted by the substitution of buying and selling for barter, are further promoted by substituting credit for money payment. The convenience, the comfort—we might say, the charm of credit, founded upon well deserved confidence, in all the daily and petty transactions of life, are notorious. It is difficult to conceive how one half of the dealings in any department of industry could take place, if parties feared to part with their merchandise unless the purchase-money were deposited at the same time; or unless parties could venture to pay their money in the full confidence that the merchandise would be delivered in due course.

The merchant or manufacturer who sends his money to procure merchandise at a future time, gives credit quite as much as he who parts with his merchandise on the promise of a future money payment. The ship-owner, who contracts with a builder, and pays for his ship beforehand, or in instalments progressively as the work advances, gives credit as much as the builder who waits for payment till the building is completed, or the ship has been delivered.

Many arrangements and practices for facilitating interchange have grown out of the use of credit, some of which require to be understood before we can possibly decide with safety where credit, if offered, *ought* to be accepted or declined; or where credit, if demanded, *ought* to be granted or denied. You are aware, of course, that merchandise of all kinds is daily leaving London for other parts of the kingdom; and that merchandise in large quantities also comes into London every day from other parts of the kingdom. Do you think that the money, for which the merchandise sent forth is sold, is brought in; and also that the money, to be paid for the merchandise brought in, is sent out? Shall we inquire whether that might be avoided, and how? and then ask whether it is likely that money for all the merchandise brought into and sent out of London would be sent backwards and forwards?

Let us fix upon some one town, such as Manchester, and think of what must be the course of its trade with London. We can easily suppose that merchandise to the value of 100,000*l.* is going to and fro every week between that city and London: groceries, &c., from London to Manchester; and cotton fabrics, &c., from Manchester to London. The various parties concerned in these dealings might send 100,000 sovereigns to and fro every week. They might also avoid the risk and expense of this latter proceeding in some such way as the following:

The debtors in Manchester, if authorized to do so by the parties to whom they are indebted in London, might

pay what they owe in Manchester; the debtors in London paying what they owe by like authority in London. By these means all the debts might be discharged and all the creditors satisfied. This is actually the mode of proceeding adopted throughout the commercial world, to save the expense of sending money, or the metal out of which money is coined, backwards and forwards when the debts to be paid and received balance one another. The authority or order to pay a sum of money, reduced to writing, is called a "bill of exchange." The person writing one of these orders is said to draw a bill. Having drawn it—say in Manchester for 1,000*l*.—if he can sell it to one of his neighbours, he will have obtained payment of what was owing to him. His neighbour who buys the bill owes that sum in London. He sends the bill to his creditor in London, who presents it to the person on whom it is drawn, and obtains payment from him.

A certain quantity of money is required in every town and district to facilitate industrial operations and the interchange of commodities, and we may observe how the same money circulates from hand to hand, over and over again, in buying and selling and in payment of wages. We may also observe how merchandise is being perpetually transported from place to place all over the kingdom. Inquire where we will, we learn from the parties concerned that all this merchandise is bought and sold. It is going from the place where it has been sold to the place where the buyer directs it. But we do not observe a movement

in money from place to place corresponding in value with that of the merchandise. The labour and risk of such movement of money are saved by the use of bills of exchange. Coin is sent on comparatively rare occasions, in comparatively small quantities, to maintain the equilibrium of values in the various places trading with one another. If, for instance, the commercial intercourse between Manchester and London showed an equilibrium in the values of merchandise sent out and brought in, no money would move. But if while merchandise to the value of 5,000,000*l.* was sent to London, merchandise to no greater a value than 4,500,000*l.* was received from London, then the balance, or 500,000*l.*, might be required in money. Even in cases where larger values in merchandise are sent to, than are received from one place, bills of exchange may be so used as to avert the necessity of moving money from place to place except on peculiar occasions. Suppose, for instance, that Manchester sends to London every week merchandise exceeding in value by 10,000*l.* what it receives from London, and receives from Liverpool every week an equal excess in value; while London sends merchandise to Liverpool in the same excess: Manchester need but send bills of exchange drawn upon London to the amount of 10,000*l.* a week to Liverpool, for Liverpool to remit to London, and all debts in the three places would be settled without any
* movement of coin from place to place.

What must be passing in people's minds to induce them to part with their money for bills of exchange, or to enable bills of exchange to be substituted for money

as they are? Plainly, there is an expectation that the bills will be paid forthwith by those upon whom they are drawn. Any very frequent recurrence of disappointment in this expectation would cause people to reject the use of bills of exchange and incur the expense and risk of sending the money. The mere fact being established that bills of exchange are in circulation to a large amount, it is also established that, with rare exceptions, they are punctually paid by those on whom they are drawn. The debtor who avails himself of a bill of exchange for the purpose of liquidating his debt does not accomplish his purpose as certainly by the transmission of a bill as he would by the transmission of the money. His debt is only liquidated when the money for the bill has been received. Suppose the party on whom the bill is drawn to refuse or to be unable to pay, the creditor who has received it returns it to his debtor and demands the money due to him as well as compensation for the loss and inconvenience which he has sustained by being kept out of his money. The party who purchased the bill, in his turn, makes a similar demand upon the party of whom he bought it. Is it not clear, then, if cases of failure in the punctual discharge of bills were not rare in comparison with the whole number of bills drawn, that bills of exchange would not be used?

But bills of exchange are used to serve another purpose besides that of saving the expense and risk of transmitting money to and fro. They are the form in which loans are made for short periods. The tradesman in London who purchases of the Manchester

manufacturer calico to the value of 1,000*l.* may make it a condition that he is to be drawn upon for that amount at three months' date. The bill is drawn, and he agrees to pay the amount at the end of three months. In technical language he *accepts* the bill. Before the bill becomes due, the Manchester manufacturer who drew the bill may find it convenient to obtain the money for it, to purchase cotton or to pay wages; and if so, he sells the bill, submitting to some abatement as interest for the time to elapse before the bill is payable. In technical language he *discounts* the bill. The bill, in this way, may pass through many hands before it is finally presented for payment, each party who obtains value for it from another making himself responsible to all who may discount the bill or take it in payment after him.

Bills of exchange of every length of term, from bills *at sight* to bills at *twelve months after date*, according to the convenience and credit of those who set them in motion, circulate from place to place throughout the commercial world. A merchant at Canton purchases a cargo of tea for account of a merchant at Sydney. He obtains payment by drawing a bill upon a merchant at London, who in his turn is provided with funds by the merchant at Sydney, either through bills or gold-dust, or wool remitted to him at London. The persons at Canton who buy the bills drawn on London, remit them in payment of what they owe for opium or cotton to Calcutta, where they are again sold to others who remit them to Paris or Hamburg, finally to be sold to

those who will remit them to London to obtain the amount of them in money.

Bills of exchange transmitted, sometimes direct from the place in which, to the place on which they are drawn, sometimes circuitously; drawn sometimes on the parties for whose account the goods have been purchased, sometimes on others who consent to stake their credit for them, trusting to be paid and also to be compensated for the risk and responsibility which they incur, or holding security to relieve them from the larger part, if not from the whole of their risk, are presented for acceptance every day. There is, perhaps, scarcely a cargo that leaves port which has not many bills of exchange in connection with it. These bills are passing one another in every direction, leaving comparatively but little to be done by the transmission of money; balances only having to be adjusted through that medium. Money, in fact, is not generally and largely used except for local payments, or for buying and selling between parties resident in the same place; and we shall have to examine how the use of money is economised even in these transactions. We have, however, sufficient examples before us of the uses to which credit is applied to enable us to answer two questions: What would be the consequence if men did not place sufficient confidence in one another to induce them to indulge in this use of credit? And what would be the consequence, if, granting credit in this manner, their confidence proved to be misplaced? In answer to the first question, interchange between man and man, and

nation and nation, would be greatly obstructed, labour would be rendered much less productive, wealth be diminished, and the humanizing influences of commercial intercourse be circumscribed. In answer to the second, debts, when due, would be frequently unpaid; bills would be dishonoured, bankruptcy, dismay, and industrial derangement in every form would desolate society.

You say, and rightly, the conditions on which the advantages of credit are to be enjoyed without the drawback of that suffering inseparable from misplaced confidence are, that habits of integrity should prevail, and that the foundation of such habits must be laid by good teaching and training in childhood and youth, and by good industrial discipline afterwards. This is undeniable; but in following it out, we ought to try and form some rule to ourselves in taking credit, or in sanctioning others in doing so, as to when, where, and how far it ought to be availed of. A man of whose upright intentions we could not doubt, might, through ignorance, so use the credit with which he was indulged as to bring down ruin and disgrace upon himself and loss upon others. Is it possible to frame any rules of conduct founded upon the evidence which we have succeeded in collecting, by observing which credit will be to us a good "pure and undefiled?" Where no credit is proffered or taken, he who has no money makes no purchase. Where credit is proffered, the man who has no money ought to make no purchase on credit *unless he be quite secure of possessing the money upon the arrival of the preappointed day of payment.*

We may be told that, as nothing future can be quite sure, if so stringent a rule as this is to be observed, the use of credit must be abandoned. The objection here raised is one rather in appearance than in reality. Antidotes may cease to act, the ebb and flow of the tide may be suspended, steam may be deprived of its elasticity, and the rates at which light and sound travel may be changed with quite as much probability as that properly arranged securities for the fulfilment of promises should fail of their effect. These securities, through ignorance or carelessness, may be ill-prepared or ill-handled, as may contrivances for employing the electric fluid or steam, or other powers of nature; but failure from such ignorance or inexperience must not be attributed to the impossibility of relying upon the future consequences of present causes set in motion.

Understanding that knowledge and circumspection are not to be dispensed with at the helm in human affairs, there can be no objection to readjust the expression of our rule of credit, and to say that, in order to escape the mischiefs consequent upon the misuse of credit, all men should scrupulously refrain from using the credit placed within their reach, unless, at the time of so using it, they have a well-grounded prospect of possessing the means of fulfilling their contract on the day preappointed for the purpose. Let mature public opinion give its sanction to this rule of industrial morality; let the young be instructed in the evidences upon which it is based, and trained to its observance; and, in the meantime, let those in whom is vested the power of granting or denying credit use

prudence in granting it to those only who deserve to be trusted—to those who have experience and judgment to guide them to efficient securities for the fulfilment of their obligations, and conscientiousness in providing and maintaining these securities. Will restrictions upon credit in obedience to this rule, self-imposed by every industrial agent, cause credit to be less granted and accepted? No, their influence will be felt in an opposite direction. Credit will be denied to some who now, by misusing it, spread distrust and a reluctance to grant credit. But in proportion as the misuse of credit is prevented, distrust will vanish; and those who have established characters for intelligence and skill, and for a scrupulous attention to the performance of their duty, will obtain that credit of which they had been cheated by those who used it unworthily.

A rule to be observed in the use of credit, well adapted for practice, may be given in this form:—To accept credit only to the extent which those who place it at our disposal would grant it, if they were as fully informed of our circumstances as we are ourselves.

There are other ways in which the use of credit has been applied that yet remain to be examined. But have we not seen enough to justify our installing credit among the means placed by intelligence at the disposal of industry towards providing abundance of wealth for the happiness and improvement of mankind? Does it not enable farmers and miners to produce more raw material, manufacturers to transform this raw material into the largest quantity of desirable commodities, and the mercantile classes to distribute the products of all

regions of the earth wherever they are most likely to take with them increase of enjoyment and mitigation of suffering?

It cannot be doubted that habits of carefulness and exactitude in providing for the faithful discharge in the future of engagements contracted in the present prevail to a great extent in this country. Neither can it be doubted that much injury is inflicted upon society by the misconduct of individuals in regard to the use of credit. This injury assumes many forms besides those which we have noticed. Fraudulent dealers in disguise, for such in reality they show themselves to be, disregarding those rules of morality which we have agreed ought to govern the conduct of everybody, with but little capital of their own, take leases of business-premises, fit them up on credit and buy goods on credit. In order to gain a connection and thus put themselves in the way of eventually establishing a large business and earning a large income, they undersell their neighbours who are engaged in the same line. They buy on credit and sell for cash. The more numerous their customers, the greater their command of money in the first instance, whatever may be the ultimate loss. The concerns may be carried on for years in a state of insolvency, so long as the undeserved credit is granted. If, contrary to all reasonable expectation, such reckless and flagitious trading should end successfully, they keep the profit. Should it end differently, the loss falls upon the blind, ill-advised, or careless creditors who took bad bills instead of good money.

The mad and vicious career of these falsifiers, not

of coin, but of credit, has yet other evil consequences—the disturbance, the anxiety, the losses of those who are undersold. Loss by being undersold may originate in another cause attached to the undersold tradesman himself—his incompetency to use all recognised industrial resources, or to adopt improvements as they are progressively brought to light, so as to keep pace with those who do adopt them. The dealers who are undersold in their own trade, while smarting under the infliction and unable to trace their suffering to its causes, or to distinguish one cause from another, will utter cries and complaints, which, however, bring no present mitigation, and lead to no future remedy.

Is there any escape, in your opinion, for these undersold tradesmen, if their losses originate in a fraudulent use of credit by their neighbours? Only the same kind of escape that you can have from a mad bull or runaway horse in the street—to keep, if possible, out of its way; or from a drunken neighbour who may set your house on fire as well as his own. So long as you cannot get rid of his vicinity extra vigilance is imposed upon you to guard against the consequences of his vice.

What escape is there for tradesmen who are undersold by those who know how to manage the same business better than themselves? Self-improvement, or where capacity is unequal to the effort, the abandonment of their business and the endeavour to serve society by applying what capital and attainments are theirs in some other way. Self-improvement to become

equal to the requirements of society, and self-adaptation to meet every new emergency as it arises. These, in combination with economy to provide against advancing years and declining capacity, are the best safeguards for individuals, and never fail the nations that rely upon them.

Those who make a bad use of the credit placed at their disposal are not the only guilty persons in such iniquitous proceedings. The capitalists who negligently put capital and power into their hands are not altogether free from blame. He who trusts a man of bad character or one of whose stability of character he has no satisfactory proof endangers other people as well as himself; and if he be not an ill-disposed man, he will be tormented by qualms of conscience when he sees around him the ruin perpetrated by one who was armed, through his imprudence, with an instrument of destruction.

If the safeguards proposed against those who cheat in credit be not always strong enough to ward off the evil spirit that "walketh in darkness"—if the mad bull will at times break into the china shop; the rare occasions on which they will fail bring with them warnings that cannot be unheeded with impunity. Each individual in society is not only sure to suffer from his own misconduct, but is liable to suffer from the misconduct of his neighbours, of the community to which he belongs and of the whole human family of which he is a member. The duties which these reflections open to him, the noble ambition with which they ought to inspire him, are to keep the work of human

improvement ever present in his thoughts, never forgetting that self-improvement, especially during youth, is the only sure means of establishing his fitness to assist in the improvement of others.

Credit is not exclusively used as a means of production. It is also used as a means of consumption. Is it equally well employed in this service? Ought a man to permit his baker, and butcher, and tailor to draw bills upon him for the goods supplied by them and consumed by him during the past year, the payment of which bills at maturity he expects to provide for out of future income? Ought the landlord to derive his means of subsistence from present and past income or from future income? Ought the lawyer and physician to be consuming the produce of present and past fees or of future fees? Ought the clerk, by similar use of credit, to be living upon the future quarter's salary? Ought the artizan to be living upon next week's wages? After what we have examined and decided upon, you say—These questions have already been answered. Merely as a climax, then, may we ask whether schoolmasters and mistresses—the teachers and trainers of the young, ought, by means of credit, to spend the fees of future pupils, or whether clergymen should go forth, to perform the most sacred duties allotted to man, encumbered with debts contracted while receiving that education which is supposed to qualify them not only to teach, but to exemplify in their own conduct, what is meant by “good and holy living?”

After most careful consideration, we decided that

economy must be comprised among the good qualities; that it becomes every man to form in himself the habit of regarding a provision for future wants as one of his highest present enjoyments. It can after this be scarcely necessary to ask whether it be right or expedient or justifiable or moral or religious for him to abuse the credit which, by false appearances or by discreditable influences, he is able to command in order to undermine the means of his future subsistence? He who does not early begin to think of maintaining himself out of the savings of his own past labour is already shutting his eyes to "breakers ahead." He who, advanced in life, is living from hand to mouth, cultivates his vineyard on the slope of a volcano. But he who is meeting the decline of health and strength, not only unprovided with the savings of a well spent life, not only with his last week's wages expended, but his future wages mortgaged—be he man of genius or of sinew—be his employment in the counting-house or the field—whether his calling have taken him to the bar, the professor's chair, or the pulpit, there is but one good purpose to which he can be applied. He may serve as a beacon to caution the young from entering upon a similar career of folly, vice, and sin.

There are more refined and ingenious uses of the powers of credit and further developments of its morals that you will have to examine and pass judgment upon by and by. But it would hardly please you to pass on from the fundamental principles which we have been studying together without taking a glance at the

records of industrial failure. They furnish us with striking examples of the deplorable consequences of inattention to these principles.

It is impossible to consult those records and not be impressed with the feeling that much of the misery there brought under our notice might have been avoided by better management on the part of the bankrupts. The animadversions of the judges of the Bankruptcy Courts indicate that they share in this feeling. They labour faithfully and ably to check the continuance of such inflictions upon society by making examples of the more reckless sinners, and by lifting up a warning voice in less flagrant cases. Their work begins in the last scene of the tragedy. What was doing at its opening? Who were the actors, and how did they play their parts?

The bankrupts were then young children in the charge of their parents and guardians, who, with the assistance of their religious instructors, were preparing them for the duties of life. The last scene discloses the miserable failure of the early efforts made in their behalf. Is this a result to be accepted as satisfactory for the past, or to be repeated in the future without investigation?

What are the measures adopted on the occurrence of calamities of far less magnitude than those in which bankruptcy involves its victims? When any particular district is visited by epidemic, is not inquiry instituted into the causes, with a view to their removal, if possible? When death takes place out of the ordinary course, is not an inquest held? When a ship is lost, are not

the officers subjected to a court-martial, or brought before a commission of inquiry, so that the recurrence of like calamities may be averted? When dry rot has appeared in vessels even before their construction has been completed, have not careful investigations been made into the kinds of timber and into the conditions under which the ships have been built? In some of these inquiries, research is carried far back to the possible early and remote causes of effects and consequences.

Some useful hints for the encouragement of inquiries into the resources of moral power—their neglect, their application, and their misapplication, may be taken from the experiences of inquirers into the resources of physical power—their neglect, their application, and their misapplication. What marvels have been achieved, what errors have been rectified, what oversights have been stopped in the application of the power of steam, of electricity, of the air and water, and of chemical affinities during the last half century!

Divines, one and all, will tell you that religion, as a moral power, can hardly be over-estimated. If not all, the most and the best of them, will also admit to you that they have still much to learn, and still much skill to acquire, in its application and direction. Mankind look to them to take the lead in devising arrangements and combinations through which former errors may be rectified, former omissions atoned for, and more vigorous measures resorted to. The rate at which they improve in wielding the mighty power committed to their charge will be judged by the progressive diminution of human

misery. Where destitution and degradation prevail, and prevail without abatement, not want of power in religion, but want of intelligent capacity and holy zeal in those who serve it, will be suspected. When one of those specimens of naval architecture, with which the world has been occasionally surprised, proves itself capable of doing nothing but to go wrong, no blame attaches itself to the materials that have been used in the construction. The blame must be borne by the architect who proved incompetent to adapt them for the purpose required.

The work of religious and moral amelioration is not allotted exclusively to divines. You have, even now, your religious duties; and duties of wider responsibility await you. Beware, on occasions of failure, and where the good intended does not come up to your expectation, of attempting to shift the blame from yourselves! Rather, even when unconscious of mistake, and most confident of rectitude of intention, be quick to ask—"Where have we been careless, uninformed or unskilful?" Self-improvement and increase of moral power will be the fruits to yourselves of this kind of religious exercise; and the fruits to others cannot be slow of following.

There are cases of human misery on so large a scale, and so agonizing in their details, that the missionaries whose path they cross may be excused for being unnerved by them. However supporting the fervour of their religious zeal, however absorbing their benevolence, confident as they may be in their faith, strengthened by previous study and reflection, they

may well quail at the almost hopelessness of touching a disorder in so aggravated a form, by dealing with its causes. For they see that the causes are nearly placed beyond their reach by wide-spread disregard of parental duty.

No such discouraging difficulties afflict the religious missionary who studies the cases of misery and degradation collected together in a Bankruptcy Court. It will not occur to him, in studying the cases of the sufferers, that they have been brought into their predicament by want of means or of will, on the part of others, to give them a religious education. Neither will it occur to him that the future victims likely to succeed them in the same court will be brought there through similar want of means. Ought he not, then, to question himself, and also to communicate with others engaged in like missionary labours, so as to discover whether some fatal oversight had not been undetected in the method of conducting religious education, and whether this fatal oversight were not defeating the great object of education, viz., to arrive at good conduct in adults—the only reliable security against degradation and misery.

One of the moral lessons in regard to the use of credit, which no young person should commence his industrial career without being religiously impressed with, is that bankruptcy originates, not in giving, but in taking credit; that the use of credit, while dangerous to the ignorant and unconscientious, is a great industrial power if wielded with intelligence and circumspection; and that as the employment of this power is forced upon

nobody, so nobody who has had a religious education, and is possessed of the desire to profit by it, will suffer himself to be allured, by the hope of any profit, however great, into the use of credit, the danger of which to himself and, through him, to others, he has not learned to understand and to guard against.

CHAPTER XV.

Duties of the well-disposed growing out of the ill-conduct of others—
 Precautions available against abuse of credit—Bankers and
 banks—How they may be said to deal in security—Morals of
 banking—Practice of bankers to promise to pay on demand while
 not possessed of the means of paying the whole of what they
 owe—Does this practice harmonize with the rules deducible from
 the morals of credit?—Why bankers are not liable to be called
 upon to pay what they owe—Confidence in banks only to be
 shaken by the misconduct of their managers, or through the
 ignorance of their customers—How these two causes of danger
 are to be guarded against—Banks, collectors and distributors, not
 suppliers of capital—Savings banks—Deposits in banks, not
 money, but capital estimated in money—Interest on loans
 derivable through the employment of the loans in purchasing
 labour and commodities, so as to earn profit—Insidious forms of
 danger in the use of credit.

WHILE endeavouring to learn for ourselves what is our
 duty at each step in life—what line of conduct in
 everybody is most conducive to the general well-being,
 and endeavouring also to form our own habits and to
 discipline our thoughts and inclinations, in harmony
 with what we know to be our duty, we cannot but be
 aware, from our intercourse with the world, how
 lamentably deficient in knowledge, character, and con-
 duct, very many individuals are found to be. Owing
 to this circumstance, another duty devolves upon the
 well-disposed and well-conducted. They have not only
 to sustain whatever is good in themselves, but to be on
 their guard against whatever is evil in others. The
 position of the well-disposed members of society in

regard to the rights of property presented to us an instance where this two-fold duty is required; for they have to cherish and observe respect for property, and to repel assaults on property by those who do not feel and would not observe such respect.

A similar two-fold duty devolves upon the well-disposed and well-conducted in regard to "credit." In all their own dealings it is a case of conscience with them to incur no liabilities which they have not a reasonable prospect of being able to liquidate at maturity. And as there are many persons ever ready to accept credit far beyond any capacity on their part to meet the ordinary chances of the liabilities incurred, they must be on their guard against loss from such quarters. No prudent man of business, accepting and granting credit, would consider that he was prepared with reasonable means of meeting all his engagements, if a reserve were not specially provided against the risk of what are technically called bad debts. But he would at the same time be anxious to take every possible precaution against giving credit in untrustworthy quarters; and specially anxious not to part with his money for bills, which, instead of enabling him to liquidate his debts, might involve him in additional liabilities. Many industrial establishments have been formed with a view to afford the public an opportunity of using the resources of credit free from the danger of finding their confidence ill-placed.

It is well known to those who are conversant with industrial matters, that there are two great wants felt by all men engaged in business. One is, a means of

placing a certain portion of their capital, estimated in money, in such a manner that they shall have access to it, as money, at any moment. The other is, a source of supply to which they may resort for the purchase of bills, the liquidation of which at maturity is beyond a doubt. Numerous establishments have been organized, in order to supply both these wants. The usual form assumed by establishments for these combined purposes has been an association of capitalists, who give out that they are prepared to receive money, on condition of paying it back on demand. The practical result of this announcement is that they are perpetually receiving and paying money for their customers. They are ready, also, for the convenience of their customers, to sell them bills of exchange: or, where they do not draw themselves, to purchase bills for them from other similar establishments which do. Companies formed for this kind of business go by the name of bankers and banks.

The establishments to which the name "bankers" is generally applied consist of partnerships or firms, the members of which, or some of them at all events, are reputed to be men of considerable capital. It is their character for the possession of capital, and of the qualifications which inspire confidence and conciliate favour, that first attracts customers, and then retains them; causing an old establishment which has been well conducted to be trusted with large deposits from a numerous body of customers. The name "bank" is also sometimes given to the establishments of these bankers, but in general it is restricted to an association comprising a large number of shareholders

or proprietors—partners in reality on this condition, that they are not at liberty to withdraw the capitals which they have severally contributed. They may transfer their interest in the bank to others who are disposed to accept or purchase it. They may personally sever their connection with the bank, selling their shares in the capital stock, but they cannot withdraw their capital. Thus, so long as the capital is not lost or diminished by mismanagement, it remains in the concern, however frequent may be the change of proprietors or shareholders from death, insolvency, or disinclination to continue in the business. As far as certainty of sustained capital is to be desired, the bank, with its joint-stock irremoveable by the shareholders, has the advantage over the private partnership, the members of which may from time to time silently retire with their shares of the capital, no substitutes, or substitutes with less capital being provided. Joint-stock banks offer another guarantee to their customers. They make periodically a public exposition of the state of their affairs; an opportunity being thereby afforded for judging of their continued stability, and for detecting, at an early stage, whether that capital which cannot be withdrawn by individual shareholders, is in danger from the mismanagement of those who have been appointed to preserve it, and to direct its profitable employment.

Bankers and banks confining themselves, as they do, to a special branch of business, and progressively increasing in number as well as in the extent of their business, indicate a growing want on the part of the

public. What is this want, for the supply of which they resort to bankers and banks? As they resort to bakers for bread, to upholsterers for furniture, and to railway companies for transport, so they resort to bankers for the safe keeping, paying, and receiving of money. Any individual or company might undertake to perform these offices. But banking establishments not only undertake to perform these offices—they aim, by their very organization, at inspiring the public with a feeling of security while these offices are being performed for them. Banking establishments, therefore, may be said to deal in security, doing at the same time much other good service which can only be done effectually where almost unbounded confidence is felt and granted.

With banking establishments in abundance, spread over the country and in all large towns, it is as easy to obtain a safe place of deposit, or to purchase a bill of undoubted character, as to procure a dinner or a night's lodging. The wants of the public in the way of accommodation are so various, that bills of exchange are drawn and negotiated on a large scale without the intervention of bankers. But where banking agency is preferred, the occasions are rare on which it is not accessible to anybody and in every rational form. As an example of the kind of accommodation offered to the public, it may be mentioned that the Bank of England, the largest banking establishment in this country, grants bills at all its branches payable in London, and in London payable at any of its branches, at seven days' sight, free of charge in some cases, and

nearly so in all; or for any given sum of money it grants a bill for the same sum. As another example, it may be mentioned that at London, which in regard to other countries may be considered the whole United Kingdom, connected as it is with all the provinces by railroads and electric telegraphs, there are banks ready to grant bills on almost every part of the world, not charge free it is true, but at reasonable charges varying with distance, and according to circumstances which it would be out of place for us to dwell upon here.


The principal part of what we may call the internal banking business, is for the banks and bankers to receive and pay money on account of their customers, and to hold at their disposal whatever balance may be left in their custody. With few exceptions, all these services are performed without making any charge. Do you think, then, that the banks derive no profit by engaging in all this labour, and undertaking this responsibility? You have visited the Bank of England. You have seen and heard enough about it to know that it is under the management of a governor and numerous directors, elected by the Court of Proprietors. They receive handsome salaries; and under them act a large staff of experienced heads of offices and their subordinates, many with very high attainments and with corresponding salaries. There are other banks in London on nearly as large a scale, excluding those departments of the Bank of England which are wholly devoted to the Government business. A numerous and well-paid staff of servants is to be found in them all. Besides this, their annual reports exhibit, after the

payment of all these expenses, a considerable surplus of profit to be divided among the shareholders or proprietors of stock, under the name of dividend. Whence are the means obtained of defraying all these expenses, and of dividing such profits in the shape of dividends among the shareholders? By lending a portion of the deposits confided to them by their customers.

You inquire at once—Is this justifiable? Here are capitalists who obtain possession of money on the understanding that it is to be delivered up on demand. How, then, can they venture to lend to others what it would be discreditable not to have at hand in order to fulfil engagements deliberately entered into? Can they be said to be acting in harmony with the rule which we laid down for the guidance of those who purchase on credit—that they ought not to do so *unless quite secure of possessing the money upon the arrival of the preappointed day of payment*? We must answer these questions. Our judgment upon the morality of banking transactions must be determined by the answer. Bankers, and bank-proprietors, and managers, ought to be conscious of the rectitude of their proceedings, and that their business is conducted upon principles which will bear the strictest scrutiny. We cannot but consider it a blemish in any men, or any class of men, to be engaged in business, the daily operations of which are not seen by themselves to be in harmony with the moral rules assented to, and accepted as rules of conduct. To lay down rules of conduct, and then to act habitually in disregard of them, or even worse, in contradiction to them, betokens moral deformity not unlikely to lead

to disgraceful conduct—to ruin, to crime. While to be unconscious or heedless whether the rules and conduct harmonize, betokens a levity little creditable to the moral and religious training under which it springs up in individuals, and is tolerated in society.

We had better ask, then, before examining further, whether there is any difference in the circumstances under which a banker engages to pay on demand the money deposited with him, and a merchant engages to pay for what he has purchased, or to repay what he has borrowed. The latter knows for certain that he will be called upon to liquidate his debt. Does the banker know the same in regard to what he owes? Just the contrary. He knows that he will not be asked to pay what he owes; or, at all events, that the day of repayment will be deferred for an indefinite period. He is in debt, simply because his creditor or customer—call him which you please—wishes him to take charge of the very money that constitutes his debt. Is it probable that his creditor will continue of the same mind? It is more than probable—it is almost certain. There is one circumstance which might occasion his being summoned to yield up what had been deposited with him—a mistrust of his solvency. So long as his character is above suspicion, his customer will no more cease to need his services as a banker, than he will cease to need the services of his cook, or of his grocer, or tailor; and the services of the banker are to receive and pay, and to remain accountable for the balance ever left in his custody. The customer of a banker may die or transfer his custom to another banker, but so may the customer




of any tradesman. So long, however, as a banker maintains his character, and the need for bank services continues, the falling away of one customer will be compensated by the accession of another.

To return to the characteristic circumstance which distinguishes the banker from all other debtors ; he is asked to retain, not to yield up the balances due to the several customers who confide in him. From this circumstance, peculiar to him among debtors, is derived his opportunity and justification for lending what he is *liable* to be asked to pay, although *sure* to be asked to retain. An example will help to show how the banking business is conducted. For this purpose, let us select a bank in high repute, which has been established for years, and which has five thousand accounts open, with an average balance due by it upon each of more than 400*l.*, making the total of deposits in its custody more than 2,000,000*l.* For many years the deposits have not amounted to less than this sum, although at times they have amounted to considerably more. Nevertheless, to guard against any sudden fluctuation, 200,000*l.* cash has ever been kept in hand, while 1,800,000*l.* has been employed on loan. As a further precaution against any change in the current of business, as known to have prevailed heretofore, this money is so employed as to be partly receivable day by day, to be re-employed or not on loan at the option of the bank manager. We may suppose it to be lent in such a way that 30,000*l.* falls due every day, at which rate, if the money were not re-lent, the whole 1,800,000*l.* would revert to the bank in ten weeks, taking six days

to the week. If the 200,000*l.* cash in reserve were not reduced, the 30,000*l.* falling due would be lent out again day after day. If the reserve were on the increase, additional loans might be made. If the reserve were on the decline, part only of the 30,000*l.* would be lent as fast as it was repaid.

This mode of administering the bank-deposits enables the manager to accommodate himself readily to any altered conditions that might occur. Lending on this restricted plan, he is obliged to accept a lower rate of interest than capitalists willing to lend capital for long periods might obtain. But suppose, on an average, he obtains at the rate of three per cent. per annum, he will receive as interest on 1,800,000*l.* the annual sum of 54,000*l.* out of which to pay salaries and other expenses of the establishment. It is open to the directors, of course, to lend the capital of the bank in a more permanent form—for longer periods; and at a higher rate of interest, but without the option of readily calling it in. Their own capital and the property of others held by them in trust are obviously usable by them on very different conditions.

We have now got a clear perception of the characteristic circumstance which distinguishes bankers from the debtors engaged in other branches of industry. Non-bankers know that they will always be called upon to pay what they owe. Bankers know that they will not be called upon to pay the balances deposited with them unless confidence in them be shaken, or death or altered connections cause the deposits to be removed: the latter



contingencies being likely to be compensated by the acquisition of new customers.

Confidence in a bank can only be shaken by gross mismanagement on the part of its directors, or through the ignorance of its customers. The prosperity of a bank, as of any other industrial concern, depends upon the judgment and skill with which it is managed. Integrity, and especially in expenditure, not mistaking the property of others, in your possession through credit, for your own, are qualities that can be dispensed with in nobody. Expenditure of this kind—fraudulent expenditure will ruin any concern. Short of this, the employment of property in trust, to be surrendered on demand, in such a manner as not to be readily resumable, must expose the parties guilty of such flagrant indiscretion to the danger of suspension of payment and of disgrace, and the customers who confide in them to anxiety and inconvenience, if to nothing worse. The estates of bankers who so mis-conducted their affairs might, when wound up, be quite solvent. Themselves, they would be self-convicted of ignorance and incapacity—of total unfitness for their business. Where suspension of payment ends in insolvency through abuse of trust, something worse must be charged against the culprits. They are sinners—sinners, too, of a very deep dye. Under good laws, they should be criminals also.

There is but one way of guarding against the danger to which all banks, even the best managed, are exposed through the ignorance of their customers; and that is,

by removing this ignorance. All commercial men, in the present age, with its great extension of banking accommodation, we might say all mankind, ought, as a portion of their elementary instruction, to be made acquainted with the principles of banking. Banking accommodation is based upon credit. And the small cost of that accommodation to the public is attainable only through the employment on loan of a large part of the deposits, all of which are claimable on demand. Supposing the public to be well instructed in these principles, they could then only err through misapprehension of the actual state of any bank which might get undeservedly into disrepute. One very obvious precaution will guard against this danger—the publication periodically of a summary of the bank accounts. Such a summary is given every week of the accounts of the Bank of England, from which any intelligent person may learn without trouble the position of that establishment, and whether there may be any reasonable ground for suspecting the discretion of its management. All the joint-stock banks publish a statement of their affairs twice a year; while the only security for the customers of private bankers is the known or supposed character and capital of the partners, who balance their accounts and divide their profits without communicating the results to their customers.

The annals of banking convey some useful lessons to the customers as well as to the managers of banks. Banks, as we see, are essentially borrowers and lenders of capital. Beyond their own capitals, which may be supposed to be permanently invested, their function is

to distribute the capital which they hold in deposit; and so to distribute it as to be prepared for every probable contingency. More than this they cannot do. More than this, therefore, their customers ought not to expect. There are various forms under which bankers make temporary loans to their customers, but the most common is that of giving cash for bills of exchange not yet due, deducting from the amount of the bill interest for the time that the bill has yet to run. This form of lending on bills of exchange is called "discounting." If when a bank has lent as much of its deposits as it considers prudent, its customers press for discounts beyond the amount of money daily receivable from previous borrowers, one method by which the bank may resist the pressure upon its resources would be to demand a higher rate of interest. This proceeding, if confined to one or a few banks, would send the bill-holders to other banks. But if a similar pressure for discount were felt by all banks, then a rise in the rate of interest would be inevitable; and the rise would continue till the application for discounts was no more than what the banks could meet after providing a judicious reserve. An opposite state of circumstances—a falling off in the application for loans and discounts—would cause the reserve of the bank to accumulate to an undesirable magnitude. There is but one method of rectifying this state of things—to discount at lower rates—to offer lower rates of interest, and thereby induce more persons to take loans.

If the banks are obliged to accommodate themselves to the fluctuating demands for loans and discounts, by

conforming to the rates of interest prevailing among borrowers and lenders in general, you wish to know what it is that really sets in motion and controls these fluctuations in the rates of interest. The subject is well deserving investigation, but we must reserve it for the present. Banking, of late years, has obtained a great development, and the practice of *paying* interest on deposits, as well as of discounting or *receiving* interest for loans, has been very generally adopted among the banks lately established. When no interest is paid by the banks for the deposits entrusted to them, and which they have an opportunity of employing in discounts, the expense and responsibility of conducting the payments and receipts for their customers are considered an equivalent for the advantage thus conceded. But where these services are not required, the banks meet that class of customers by presenting themselves before the public in the character of payers as well as receivers of interest. They borrow at a lower and lend at a higher rate of interest. They tender—at least, so it is supposed—a security above all suspicion to lenders. They rely upon their own experience and discrimination for the discovery of trustworthy borrowers, from whom a higher rate of interest may be obtained. The deposit accounts, on which the banks allow interest, differ from the current accounts, on which no interest is allowed, in this respect: that whilst the latter are claimable on demand, the former are only claimable after notice given in conformity with the period agreed upon at the time of deposit. These facilities by the banks are taken advantage of by the lending portion of the public, who

thus have always the opportunity of obtaining the current rate of interest, with unquestionable security, for capital which they have no other means of readily employing.

What the ordinary mercantile banks do for parties who have large sums to dispose of, the savings-banks, under the countenance and control of Government, do for those who have only small sums. They receive deposits of one shilling and upwards till the depositor has accumulated as much as 150*l*. When that sum has been attained by any one depositor, he is presumed to be able to provide elsewhere for the investment of his savings. The Government grant interest at the rate of $3\frac{1}{4}$ per cent. per annum upon all sums paid over to them by the trustees of the different savings-banks; and the savings-banks allow to the depositors upon all *whole* pounds a rate per cent. so much less as that the excess of what they receive from the Government above what they pay to their depositors will defray the expenses of management.

These savings-banks were originally projected by benevolent and enlightened individuals to provide means of safe deposit for economically-disposed persons able only to make small savings, and to promote habits of saving among others. The Government has favoured them for the same reason. The Government being largely indebted, as may be understood by what is called the "National Debt," make themselves debtors to the numerous small depositors in the savings-banks, to the extent of about 40,000,000*l*. in the aggregate; whereas they would otherwise be debtors

in a like amount to other proprietors of Government annuities.

If we extend our thoughts from individual banks and the total of the balances of their customers held by each, to the collective banks and the aggregate of all the balances, questions are suggested, the answers to which solve difficulties not very likely to perplex you after your methodical course of study; but which have perplexed, and still perplex, many who dash into the middle of a subject and commit themselves to animated discussion, without any attempt to obtain preliminary and elementary instruction.

Is the enormous aggregate of balances due by the banks to their customers so much money or so much capital? It is not money, but capital estimated in money, and payable or deliverable in money. Money in the quantity represented by the aggregate of balances does not exist. Are the daily receipts and payments of the banks on behalf of their customers made in money? Only an insignificant portion of them is so made. The larger portion is made through the medium of *cheques* or orders by the depositors on their bankers to pay certain sums. These cheques are paid by the parties who receive them to their bankers; and they place the several amounts to the credit of the parties paying them in. When the parties giving and receiving cheques keep their accounts at the same bank, the process is very simple. The amount of the cheques is transferred from the accounts of those who give the cheques to the accounts of those who receive them.

A and B keep their accounts with the same bank.

A draws a cheque upon it and gives it to B in discharge of some debt. B pays it into the bank; and the bank on that authority debits the account of A and credits that of B.

The process is nearly as simple when the drawers and receivers of cheques keep their accounts at different banks. Every day each bank collects all the cheques paid in by its customers that are drawn upon other banks, and deposes one of its establishment to meet those similarly deputed from other banks, and they settle among themselves the balances that appear to be due from one bank to another. The sums payable in money, as might be supposed, are mere trifles compared with the totals for which cheques have been drawn.

We have noticed the precautions by which each bank keeps prepared to meet all its engagements, while it is earning profit by the employment of a portion of the balances entrusted to it: will such precautions enable any one bank to provide against unexpected demands upon it? It can scarcely be imagined why they should not. But if the run upon a bank were so sudden and severe as to exhaust all its means of disbursing money with sufficient rapidity, the goodness of its securities, supposing the banking business to have been conducted with ordinary prudence and ability, would be a guarantee to its customers that all claims upon it could not fail to be eventually liquidated in full. What would be the consequence if, instead of a run upon one or two distrusted banks, the run were to be universal—by all depositors upon all banks? Where is the use, you exclaim, of listening to a

question founded upon so outrageous a supposition? Outrageous as it appears to you, it has often been made; and has often been put forward by uninformed objectors to perplex persons as uninformed as themselves. The attempt of all depositors to withdraw their balances from the banks and retain them in their possession as money, there not being money enough in existence to enable them all to accomplish their purpose, would, in the process, cause money to rise greatly in value—in other words, cause prices of all commodities to fall.

Would not this great fall of prices draw money or gold from other countries, where similar absurdities were not attempted, to purchase our cheap commodities? Would it not indispose foreign merchants to part with commodities for the modicum of gold offered in exchange for them? Would not these low prices induce some of the money-holders to bring forth their reserves, and compel others to part with theirs, because the sale of their commodities, on which they depended to fulfil their engagements, no longer sufficed for the purpose? Would not the increased rate of interest, owing to the diminished amount of loanable capital, seduce some of the alarmists into an offer of their money on loan? and would not the labour and inconvenience of paying in money all that they owe, and of collecting in money all that is due to them, make them long to regain the services of those whom they had so madly abandoned? Ought not a comprehension of the principles of banking to secure the industrial community against even a thought of committing such an act of self-muti-

lation, and its literary instructors from putting forth the most mischievous absurdities, quite unconscious that the only safety for the ignorant beings whom they impose upon, is the impracticability of what they suggest and advocate.

Amid all the contrivances and arrangements for meeting the wants of borrowers and lenders; for collecting and distributing capital; for attracting it by paying interest, or offering other equivalents in lieu of interest; and for obtaining interest by the loan of it; we must not lose sight of the source whence this interest is to come. It can only come eventually out of anticipated profit. The administrators of capital bargain to pay a certain rate of interest out of the larger uncertain rate of profit, to which they think they can see their way. They may obtain their loans in money, they may pay interest in money, they may eventually repay what they borrow in money; but their intermediate proceedings, whether as farmers, manufacturers, carriers, or merchants, must be to part with their money for other commodities, or for the purchase of labour, or, what is still more probable, for both.

The foundation of all security against the dangers of credit, while enjoying its fruits, is the religious sense of responsibility felt by those who use it. This feeling is to be cultivated in early youth, as all other feelings should be which it is wished to see influencing conduct in manhood. With the feeling of responsibility must be united a knowledge of the risks to be guarded against, many of which might otherwise be incurred unconsciously.

A few examples from the every-day transactions of business will give you an opportunity of exercising your judgments upon some of the forms in which credit is given and taken. From time to time you may read in the newspapers invitations to merchants and others to tender for the supply of stores, materials, and provisions to various departments of Government, and to other public bodies. Builders and engineers, also, are invited to name the terms on which they will undertake and complete certain great works.

It is plain that the essence of these contracts is to supply one thing and to receive another. The contracting merchants generally have to procure a part, sometimes the whole, of what they have bound themselves to supply. The contracting builders and engineers, especially where the works are extensive, have to procure much of the raw material and labour, and to contrive and manufacture many of the things requisite for the fulfilment of their contracts. The gigantic works, some of them at distant parts of the world, which capitalists, or associated capitalists, are prepared to undertake and to carry to a triumphant conclusion, are among the striking signs of our advanced civilization. But all these contracts are based upon credit, and are subject to the dangers inseparable from credit transactions. The prices of the commodities which have to be bought, and the wages of the labourers who are to be hired, might rise, while the contract prices are immoveable. This is a contingency which contractors, educated religiously in the proper sense of the term, are bound to be alive to, and to be prepared for. The

difference of security must necessarily be great between those contractors whose capitals suffice for making their contemplated purchases for cash, and those who purchase on credit. But fluctuations of prices, liable to damage materially even those who think to pay cash, are contingencies of large contracts not to be neglected. We have instances of contractors whose enterprise, skill, and genius we cannot but admire, while we are compelled to deplore the utter ignorance or disregard of the morals of credit, which the abandonment of their contracts and the stoppage of their works have disclosed to the world.

There is a class of merchants who chalk out for themselves a line of business peculiarly exempt, at first sight, from the hazards of fluctuations of prices. They abstain from buying or selling on their own account. They execute the orders of others, principally to buy and sell different kinds of merchandise. Their remuneration consists of the percentage commission charged by them on the money amounts of their purchases and sales. Hence, to distinguish them from other merchants who do not thus limit their business, they are called commission-merchants. If they never made purchases till possessed of the money to be expended upon them, nor became responsible for the proceeds of merchandise sold, till in receipt of the money from the purchasers, their risk would be no more than that which attaches to everybody who undertakes to execute the orders of others. Orders must be followed. But if commission-merchants draw bills for the amounts of their purchases, and accept bills drawn upon them against merchandise

to their consignment, but not yet sold, perhaps not yet received, the risks of credit will be introduced into commission business; and where the individuals for whose account the orders have been executed, are unable to bear the losses consequent upon fluctuations of prices and imprudent speculations, their insolvency must recoil upon the commission-merchants. It is perfectly safe and justifiable for commission-merchants to give and take credit, but in doing so, it is incumbent upon them to keep in view the contingency of their being involved in loss from fluctuations in the prices of merchandise bought and sold for account of others. With intelligence to enable them to understand the contingency suspended over them, and conscientiousness to provide for it, there will be no fear of their suffering losses likely to bring down ruin upon them, or which the profits derived from the judicious use of credit will not more than counterbalance.

Bills of exchange, originating in the use of credit by contractors, merchants, manufacturers and others, form a considerable portion of the securities upon which bankers make their loans for short periods. It is plain, therefore, that bankers, in their turn, may be affected by losses consequent upon fluctuations of prices. If these losses should be great enough to ruin all the parties to a bill, the banker who has discounted that bill will be a sufferer. As you have seen, the business of a banker is to borrow and lend—to borrow at the lower, and to lend at the higher rate of interest. With him, at least, there will be no doubt that the money which he borrows is to be paid, but he will never suffer

himself to be without doubt that some portion of the debts owed to him, some portion of the bills discounted by him, may not be paid.

It is not necessary here to enter more minutely into the application of principles, the observance of which you can well understand to be essential to the safe-conducting of business into which the use of credit enters. You cannot doubt that a foundation of knowledge and conduct, capable of upholding a system of business wherein the responsibilities of credit enter largely, ought to be laid in youth. Neither can you doubt that it is a subject quite within the province of religious teachers. Indeed, they might well take umbrage at any attempt to exclude them from engaging in a branch of instruction so fertile in suggestions to those who aim at moral excellence, and aspire to participate advantageously in administrative labours. One of the earliest efforts of the religious educator in behalf of the young is to induce a practice of saving. That practice, in the improved industrial arrangements of modern times, is a practice of lending. To whom? To the wealthy—to the persons who can offer irreplaceable security. The necessity of the position of these borrowers is to lend again, so that the savings of all shall eventually pass into the custody of those whose administrative capacity enables them to employ the savings of others most profitably. The young man, entering upon life with his understanding enlightened by such teaching, will see in capitalists and administrators of capital the trustees of the results of that past labour which has made this earth the improved resi-

dence of man, as he has inherited it, and the directors of their application, so as to add still more to the delights of his inheritance. Under them, sheltered from the vicissitudes inseparable from the adoption of division of labour and the use of credit, he enjoys the opportunity of qualifying himself to participate in works which will enable him to say in his old age, "I have done more than profit by the labours of others. I have contributed somewhat to improve for my children the comfortable abode which I inherited." Is not this a thought befitting a religious man? and must not the contemplation of such a man be a source of gratification and honour to the religious teacher who guided his youthful steps?

CHAPTER XVI.

Further advantages from the use of credit—Paper-money, or written promises to pay coin on demand—What conduct is indispensable in its issuers and managers—Securities for the due performance of their promises—Profit accruing to the issuers of paper-money—Temptations and checks to over-issue—Advantages of making bank-notes a legal tender—Conditions attached to this privilege—Notes of a smaller amount than *five pounds* prohibited in order to diminish temptation to forgery—Convertible and inconvertible paper-money—Convertible paper properly managed cannot be depreciated—Inconvertible paper ever exposed to depreciation, and why—Morals of paper-money—Mischiefs from unperformed promises and a depreciated currency liable to be inflicted through ignorance, as well as by design—Means of avoiding such disasters—Money questions not beneath the notice of legislators and divines—The “Money-market” and other expressions indicating ignorance in those who use them—Rewards in store for the students who master these subjects.

WE have yet to notice another contrivance based upon credit for facilitating the operations of buying and selling, of interchanging commodities, and of liquidating debts. All these operations are conducted more or less through the intervention of money. Although bills of exchange and credit accounts dispense with the inconvenient transmission from place to place, and to and fro in the same place, of large sums of money, much yet remains to be done by money-payments in the daily industrial movements; and balances have to be paid in that medium, unless something be substituted in its place.

No country is more favourably circumstanced than

our own for the payment of large values in metallic money with a *minimum* of inconvenience. Our money of account, our unit standard measure of value, is of larger value than that in use in any other part of the world. With all this advantage, however, you can readily appreciate the labour and risk of making continual payments of large sums in sovereigns. You ask why people who have occasion to make these large payments do not resort to cheques upon banks, with the advantages of which they ought to be familiar? They really do use cheques where they can. But on many occasions, especially where great caution is enjoined, responsibility incurred, distrust felt, or legal forms are to be strictly complied with, sellers or creditors may decline to accept cheques in payment. Under such circumstances, purchasers and debtors are thrown back upon metallic money, or some substitute that we have yet to think of, the acceptance of which cannot be refused.

The alternative is presented: contrive a substitute, or incur the risk and labour of carrying, weighing, and counting large sums in sovereigns. The time consumed in this work, too, would be the time of confidential and therefore of trustworthy and intelligent servants, whose wages or salaries would be considerable. Is it not desirable that the time of persons so capable should be set free from work like this, to be disposed of more advantageously?

An intelligent people would hardly submit to this kind of inconvenience, if there were any means of escape from it. Have we, then, discovered and adopted any

means of escaping from the repeated labour and risk of making large money-payments in coin? We have bank-notes. What is a bank-note? You have often seen bank-notes, for by that name the notes of the Bank of England are designated. They are promises on the part of the Governor and Company of the Bank of England to pay to the bearer, on demand, a certain number of pounds sterling. There are promissory notes issued by other banks at a distance from London, which are named after the banks that issue them. Similar notes also circulate in other countries. As the coins of a country are called metallic-money, so the bank-notes are called paper-money. The two together are often referred to as the circulating medium.

The Bank of England notes form much the larger part of the paper-money of this country. They are issued under special regulations, and have particular privileges attached to them. We shall perhaps find, when we have thoroughly informed ourselves upon these, and considered the reasons on which they are based, that we shall also have learned all which is essential to be known by those who are not actually engaged in conducting the details of banking business.

You will remember that, for the convenience of the public, although the coinage of gold is conducted at the Mint, the Bank of England have contracted or bound themselves to deliver coined for uncoined gold, on demand, at the small charge of $1\frac{1}{2}d.$ per oz., it being left to their discretion to send this uncoined gold, or so much thereof as appears desirable to them, to the Mint to be coined. This is one of the conditions of the

bargain made between the Government and the Bank—one which it seemed expedient to the Bank to accept as part of the terms on which certain privileges were to be conceded to them, and which the Government insisted upon for the benefit of the public.

Another of the conditions of the bargain is that the bank shall always be ready to give on demand bank-notes for sovereigns, or for uncoined gold of the Mint standard at the rate of 3*l.* 17*s.* 9*d.* per oz. This stipulation with the Bank of England affords to the public the option of demanding payment of their claims against the Bank, either in coin or paper-money, according as either best suits their purpose.

It need hardly be mentioned that the Bank must always be prepared to pay its notes in sovereigns, since this is merely saying that banks, in common with all other companies and individuals, must fulfil their engagements.

To make bank-notes as serviceable as sovereigns, it is necessary that their acceptance, when proffered in discharge of a debt, should be compulsory. Sovereigns must be accepted; and if bank-notes might be rejected, much of their superiority in other respects over coin would be counterbalanced by their inferiority in this. The inconvenience attaching to cheques and bank-notes in general, has been removed by law from the notes of the Bank of England. They are constituted a legal tender, *i. e.*, a payment tendered in notes of the Bank of England is as good in law as if tendered in sovereigns. It is thus optional for anybody, the Bank of England excepted, to tender payment in Bank of

England notes or in sovereigns. The Bank of England must pay in either, as demanded of them.

Bank-notes, we have already observed, enable those who use them instead of sovereigns to save time and labour in counting and carrying, where large payments have to be made. They afford, also, some securities against loss by robbery, not to be found in coin. Payment will be stopped at the Bank so soon as notice of the robbery is given; or where payment has already been made before the receipt of such notice, the notes may be traced, so as to lead to the detection of the robber, and possibly to the recovery of some portion of his plunder. The probability of identifying and recovering sovereigns must necessarily be very remote.

For the convenience of the public in the daily transactions between buyer and seller, and debtor and creditor, the notes of the Bank of England have been made a legal tender: in other words, their acceptance is compulsory. But it is optional with the holders of them to demand payment in sovereigns at the Bank of England. In constituting these notes "legal tender," the Government have conceived it to be their duty, and rightly, that special precautions should be taken to make sure that the Bank of England will ever be prepared with sovereigns sufficient to pay its notes on demand. Ordinary banks and bankers, who have no privileges conceded to them, are thrown upon their own intelligence and responsibility to provide for the fulfilment of their engagements; and so are the directors of the Bank of England. But in the matter of providing for the payment of their legal-tender notes, other

precautions have been taken and insisted upon for the security of the public. What these precautions are we will examine presently.

The coin of the realm is necessarily a legal tender, and the Government are at the pains to supply it to the public of a determinate weight and fineness. The notes of the Bank of England being made a legal tender, it was of course indispensable that similar pains should be taken to make them what they professed to be, title-deeds infallibly conveying to their holders the number of sovereigns denoted on the face of them. There is one danger to which the receiver of metallic money is exposed—false or base coin may be imposed upon him. An analogous danger awaits the receiver of paper-money—he may be deceived into the acceptance of forged notes. Similar precautions are to be taken in both cases. Vigilance to avoid being imposed upon, good laws and police to detect and prevent imposition, and well-directed education and subsequent discipline to indispose people to practise falsifying the coin and forging notes. But once possessed of the *bonâ fide* Bank of England note, its holder ought to be as sure of the metallic money promised upon it to be paid, as if he possessed the sovereigns.

It should be observed that the law which regulates our paper-money forbids the issue of any note for a smaller sum than *five pounds*. This limitation has been prescribed with a view to prevent or diminish the crime of forgery. Much more caution is likely to be observed in receiving notes of *five pounds* or upwards than could be expected with notes of *one* and *two*

pounds; and carelessness in taking precautions multiplies the opportunities, and hence the temptations to commit forgeries. It was thought, therefore, that a security against forgery, in regard to notes of five pounds and upwards, existed which was not to be expected in regard to smaller notes. For these reasons the issuing of notes of a smaller amount than *five pounds* has been prohibited.

In respect to sums of *five pounds* and upwards, it is left with the public to decide how much of the currency shall be paper and how much gold. For if they find themselves inconvenienced with coin, when notes would be more agreeable, they have but to resort to the Bank of England, and there demand notes in exchange for gold. Or if sovereigns possess charms not to be found in notes, notes may be presented at that establishment for payment in sovereigns. The total amount of notes in circulation may, accordingly, be taken as a proof of the extent of the preference of paper to gold as a medium for effecting payments of *five pounds* and upwards; and its being no larger may be considered an indication of the extent to which gold is preferred to paper.

The Bank of England, which has the exclusive privilege of issuing paper-money, strictly so called, or bank-notes sharing with sovereigns the attribute of "legal tender," acts as banker to the Government, and manages all the business connected with the payment of the dividends and the transfers of stock. The terms on which this business is to be managed are settled on each occasion of a renewal of the Bank

charter. One of the privileges conferred upon the Bank of England is the making their notes a legal tender. One of the conditions attached to this privilege is that they shall have sovereigns, or gold at the rate of one ounce per 3*l.* 17*s.* 10½*d.* in their possession, for all the notes issued by them above 14,475,000*l.* To the extent of that sum the Bank of England earn interest by employing on loan what they receive in exchange for their notes. Beyond that sum, their function is to supply the public with paper in the place of gold, according as they manifest a preference for a medium of exchange in the form of paper; the compensation of the Bank for the cost of this duty being the interest to be earned by lending the 14,475,000*l.* which they are not compelled to retain in their possession.

Supposing the directors of the Bank of England not to be tied down by this strict rule of law, they would, as prudent bankers, tie themselves down by some rules founded upon sound banking principles. Some reserve would be deemed indispensable to enable them to be always prepared to pay their notes on demand. A less reserve than that insisted upon by the Government might suffice; but when the Government assumed the responsibility of making the notes of the Bank of England "legal tender," they also incurred the responsibility of providing that the paper legal tender should be uniformly equivalent to the metallic legal tender.

In forming a judgment upon any plan for providing the public with paper-money, attention will first be directed to the precautions taken for its convertibility, or for the certainty that the holders of it will always

be able to obtain sovereigns in exchange. Every other feature of the plan will be considered of secondary importance to this. The Government, through the Mint, coin gold for the public. It rests with the public to determine how much of their gold shall be coined. They send it to the Mint to be coined in what quantities they please; and when coined, they may melt or export it. The Mint coin at the bidding of the public; but they have no control over the quantity to be coined. For the general convenience, the Government have arranged with the Bank of England that they shall, on certain moderate terms, serve as a medium of communication and transmission between the public and the Mint.

The Government have acted much on the same plan in providing the public with legal-tender paper-money. They have not chosen, however, to issue their own promissory notes. They have preferred contracting with the Bank of England; and the result of the contract has been that the public are provided with a mixed currency of coin and paper, the quantity of which in circulation is decided by themselves, as well as the proportion of it that is to be Bank of England notes, of not less than *five pounds* each. Whatever latent defects there may be in this scheme, this merit in it is undeniable:—the public are supplied with a convenience supplementary to that of metallic money. They have a paper-money which, with the advantages peculiar to itself, combines those inherent in the metal of which it is the representative.

In elucidation of the working of the last arrangement

made between the Government and the Bank of England, it may be mentioned that the amount of Bank of England notes in circulation for many years past has varied from 20,000,000*l.* to 32,000,000*l.*; the smaller amount being nearly 6,000,000*l.* more than the 14,475,000*l.* which the Bank are authorized to lend against securities. There can be no doubt, therefore, so long as the solidity of the Bank of England is above suspicion, that legal-tender notes of *five pounds* and upwards satisfy the wants of the public to the extent of 20,000,000*l.* better than coin can. It is a question whether Government might not with safety increase the amount to be employed on loan beyond 14,475,000*l.*, and participate in some portion of the increased income derivable therefrom. This, however, is a question of no great moment; the object being attained of enjoying, through a judicious use of the resources of credit, a paper-money representing in perfection the coin which it displaces.


Besides the legal-tender notes of the Bank of England, there is a large amount of promissory notes of other banks and bankers in circulation in different parts of the kingdom, particularly in Ireland and Scotland, and in those parts where there are no branches of the Bank of England. Their circulation is maintained through the influence of habit, and a reputation for solidity sometimes enjoyed longer than deserved.

Bank-notes, those which are not legal tender, as well as those which are, in conjunction with the use of credit in all its other forms, act as substitutes for coin. Accordingly, by diminishing the demand for gold, they

tend to lower its value, or, in other words, to raise prices. As a set-off against this tendency, the facilities afforded by credit towards making industry more productive, tend to increase the quantity of commodities, and thereby to lower their value as measured in money, or, in other words, to lower prices. We need, in consequence, attach little importance to the effect upon prices of paper-money, or of other credit substitutes for coin; assuming always credit to be used intelligently and conscientiously. Used otherwise, it may be so extended as greatly to diminish the value of money, or to raise prices, so long as the ill-deserved and ill-used credit is sustained. But when the day of reckoning approaches, when confidence in this ill-deserved credit begins to be shaken, and when, further, it is destroyed, and confidence is shaken in those who yet deserve it, the credit substitutes for coin cease to be available, and money increases in value, or, which is the same thing, prices fall. The same causes which raise and lower prices, namely, the unjustifiable use of credit, and the fear and withdrawal of credit ever consequent upon its misuse, also lower and raise the market rate of interest. The number of lenders of capital is first increased by the foolish and dishonest use of credit, and afterwards diminished through not knowing whom to trust, and through the necessity of providing against the losses to be apprehended from the insolvency of borrowers already trusted. Thus, the same cause which for a time tends to raise prices, lowers the rate of interest; and the same cause which tends to lower prices raises the rate of interest.

The conditions on which the advantages of paper money may be enjoyed without danger and detriment are simple and obvious enough. Nevertheless, the knowledge of them, and the capacity of steadily conforming to them in practice, have been arrived at by slow degrees. The history of most countries teems with examples of the delusions which have prevailed on the subject of paper-money. Where the paper-money has been issued by Governments wasteful in expenditure and ignorant of the limits beyond which paper-money cannot be issued, the ready transformation of a piece of paper into money offered resources the attractions of which were felt, while its dangers were unperceived.

Where paper-money is issued by parties who understand the principles which ought to guide them, and who abide by those principles, it rests with the public to decide what amount of paper shall be in circulation. The issuers of the notes hold themselves in readiness to comply with the wishes of the public, whether more notes be applied for in exchange for gold, or whether gold in exchange for notes be required instead. Where paper-money is issued by parties of a different stamp, who neither understand nor practise, so to speak, the morals of paper money, the danger of suspension of payment is ever imminent. If Government functionaries be the issuers of the paper-money, or if the issuers be closely connected with the Government, it is keenly felt that such a suspension must be both damaging and disgraceful nationally. Resort is had to schemes for preventing the appearance of suspension, although its reality is inevitable. The issuers, who cannot pay their



notes, are prohibited from paying them. The notes, which have been issued so recklessly as to make their convertibility impossible, are made inconvertible by law.

An inconvertible paper currency, or one which is no longer preserved at its representative value by the self-regulating action of its holders, contracting and expanding its amount at will, offers a new theme for study and examination. What regulates the value of an inconvertible paper-money? Supposing the legal-tender attribute to be attached to it, we might suppose an inconvertible paper-money to maintain its value on a level with that of coin, provided the issue were restricted to what the public would have required if it were convertible. The issuers in this case would be careful not to discount or make loans with their notes, that is, not to issue more notes, whenever these notes could not be exchanged for gold at the rate of 3*l.* 17*s.* 10½*d.* per oz. The fact that the holders of gold can obtain more bank-notes for it than at the rate of 3*l.* 17*s.* 10½*d.* per oz., ought to be a sufficient proof to the issuers that their bank-notes were in excess, or depreciated below the value promised or represented upon them.

But, with issuers so prudent, the temptation to make the bank-note inconvertible never could have occurred. It is the yielding to the temptation to issue paper-money in excess, unconscious or reckless of the consequences, that necessitates suspension or prohibition of payment in coin. The excessive issue, in which the inconvertibility originated, is likely rather to be persevered in and increased, than to be diminished or discontinued,

after the check upon imprudence is removed. If the paper-money made inconvertible were to be increased in quantity two or three-fold what it had been when convertible, how would its value be affected? Its value would fall. The coin would be melted or exported. Prices would rise: for they would no longer be estimated in coin, but in a depreciated paper-money.

You ought not to disguise from yourselves that there are persons, even at this time, who withhold their assent from what you have assented to so unhesitatingly. These persons most likely have never had the opportunity or inclination to follow the course of investigation and train of reasoning by which you have arrived at your convictions. Nevertheless, among them will be found many conscientious, estimable, and influential people, and you would be glad, if possible, to adapt your proofs and arguments to the state of opinion and feeling in which you find them, as a means of promoting unanimity of opinion and harmony of feeling, the fruits of progress accomplished, and the seeds of progress yet to come.

Why will a large increase in the quantity of the circulating medium tend to raise prices? For the same reason that an increase in the quantity of any commodity offered in exchange lowers its value. Are not the prices of all commodities throughout the commercial world ever tending to an equilibrium, *plus* or *minus* the expenses of transit, according as they are articles of import or export? Certainly they are. How would an indefinite issue of inconvertible paper disturb such a state of prices? In this way:

With a monetary system such as ours, if prices fall below that level, more commodities are exported, fewer imported, and the balance is made up by imported gold, for which money is obtainable, paper or coin, till prices rise to a level compatible with an equilibrium of values between imported and exported commodities; if prices rise above that level, fewer commodities are exported, more imported, and the excess in value of the imports above that of the exports is paid in gold, thereby diminishing the quantity of money in this country, and adding to it in other countries. This process will continue till the equilibrium of prices is restored, through the diminution of our own circulating medium, and the increase of that in other countries.

With an inconvertible paper-currency, and the parties under whose control it is placed issuing it to an indefinite extent, the gold, as fast as it was exported, would be replaced by bank-notes. It might be more than replaced; and prices remaining unreduced, or continuing to rise, all the gold coin would disappear. It would be necessary, if this mad career were persevered in, to issue bank-notes for a smaller amount than *five pounds*, or buying and selling must give way to barter; unless, indeed, the issue were carried to such an excess, that *five pounds* would purchase no more than one gold sovereign or pound did before the paper-money was made inconvertible. In common with other commodities, silver, of, course, would rise in price, measured in the depreciated paper; and if its price rose above 5*s.* 6*d.* per ounce, that coin also would be melted or exported as fast as it was issued from the

Mint. To save the public from the intolerable nuisance of a want of small change, the weight of all the silver coins would have to be reduced so as to maintain them in circulation.

Measures of this kind were actually resorted to in this country at the beginning of the present century. Silver bank-tokens, of 3s. and 1s. 6d., were coined, containing respectively as much silver as the florin and shilling, to serve as change for the depreciated *one-pound notes*. They performed this service for many years, with the aid of such of the old coin as were too much worn to be worth melting, and so disfigured as to be scarcely recognizable. The name of the money of the country was preserved, while that to which the name had been given was smuggled away. Gold then had a price, for the *one-pound note* was not an invariable equivalent for rather more than a quarter of an ounce of gold: at one time it could not procure for its possessor more than one-fifth of an ounce. The holder of 1,869 pounds in paper-money, shut out from the right of demanding 1,869 sovereigns, or 480 ounces of gold, could not purchase with them as much as 400 ounces.

The inhabitants of England, France, and the United States have all been the victims of an inconvertible paper-money. The progress of knowledge and morality among these people secures them, it may be hoped, against a repetition of similar disgrace and suffering in the future. The infatuation of the people of this country, while writhing under the infliction, was stereotyped in their language. When *five pounds* in notes were given for an ounce of gold, they maintained that

it was the gold which had risen in value, and not the paper which was depreciated. As if the depreciation of the paper, and the rise in the value of gold as measured in paper-money, were not the same thing expressed in two different ways.

There is a paper-money yet circulating in some parts of the world, which preserves among us specimens—a kind of fossil remains of what man is capable of, when using an instrument to the handling of which he is intellectually and morally incompetent. The paper rouble, when originally issued in Russia, was equal in value to the silver rouble, or about $36d.$ or $\frac{3}{8}l.$ of our money. It has been, by over issue, rendered possible through inconvertibility, reduced to $12d.$, or $\frac{1}{4}l.$ of our money. The paper-dollar of Buenos Ayres equal in the first instance to the silver dollar, or about $50d.$ or $\frac{2.5}{12}l.$ of our money, having been made inconvertible, and issued in excess, is now current at about $2d.$, or $\frac{1}{6}l.$ of our money.

Excepting for the doubt, confusion, and feeling of insecurity engendered by a system which, acting in the dark, is perpetually altering the measure of value and medium of exchange, and for the consequent impediments thrown in the way of all industrial operations, no diminution of wealth is occasioned by the depreciation of the currency. Future wealth may be diminished, but present wealth is not. Prices rise progressively with the depreciation of the unit standard measure of value. New bargains have to be made for money-wages, to prevent the labourers from being deprived of a portion of their real wages. Creditors are plundered,

and what they are plundered of is legally retained by their debtors. If after the depreciation had been permitted, measures were to be taken for calling in a portion of the paper-money, so as to restore its value, and cause it to be equivalent to the quantity of gold of which it was professedly the representative, an action would then be set up in the opposite direction. Prices would fall, all debtors would be plundered, and what they were plundered of would be handed over to their creditors.

This alternate plundering of creditors and debtors might take place without any intention of the kind by those who had the paper-money under their control. It might be the effect of their ignorance; but not the less sensibly felt by the unfortunate sufferers. An over-issue and consequent depreciation of a paper-money has generally been induced by ignorant and needy governments. They have wanted more than the taxes brought in! They have spent on credit and been at fault to satisfy their creditors! What a happiness to be able to make money to meet the emergency, and again to make more money to meet another emergency! How annoying that prices will continue to rise, and thus make the money, as fast as it is issued, less and less efficacious in supplying the Government necessities! How sad that all classes of people engaged in industrial pursuits should find that the money in their possession is day by day losing its power to obtain for them as much as they had given for it! How fortunate, on the other hand, that rulers and statesmen should be forced back upon the conviction that economy, or limitation of expenditure

within the means at their disposal, is as much a part of their duty as administrators for a nation, as for themselves in their individual capacities.

Opportunities in abundance will occur to you for testing the soundness of these principles, and the accuracy of the inferences and applications drawn from them. But there is one further reflection that we must not omit here. We have been engaged throughout in ascertaining, under all circumstances, what *ought* to be our rule of conduct—what we *ought* to do. The subject of paper-money discloses to us another instance, in addition to those we have already noticed, of the need of something more in the shape of moral instruction than exhortations to be well-conducted. We ought to be informed—to be deeply convinced of what constitutes good conduct, so that being virtuously disposed, we may strive earnestly and devoutly to bend our thoughts and mould our characters to follow it steadily in practice. We have seen that it is not enough, in this very matter of paper-money, to say to bankers, to statesmen, to legislators, to sovereigns—“Be honest.” Can it be enough, then, to say so little to the young from among whom these administrators, functionaries, and dignitaries are to be drawn? Ought we not rather to say “Be well-informed as well as honest, for otherwise you will be liable, through ignorance, to incur for yourselves and to inflict upon others all the mischiefs of dishonesty short of its guilt.”

In your intercourse with the world, you will have abundance of opportunities for testing the accuracy of the opinions and the soundness of the judgments which

you have formed while accompanying me through our somewhat long and minute investigation into everything bearing upon the principles of our monetary system. There are moral and religious considerations mixed up with questions of money that recommend them to the serious attention of legislators and divines, and of all who are in a favourable position for influencing the conduct of others. You will have no reason to regret the attention which you have bestowed upon them, nor to complain, I trust, that I have misled you by neglecting to bring before you anything whatever, the omission of which would be fatal to precision and comprehensiveness in your conclusions. The sayings and doings abroad in the world do not always bear a stamp indicative that their authors have studied in your school.

We have witnessed of late some rather striking financial and commercial changes; and we have had some unlooked-for calls upon our national resources. There is a higher rate of interest in this and neighbouring countries than had prevailed for many years. You may hear men who rank among statesmen asking "What should we have done without the gold of California and Australia?" You are prepared to tell them that we should have done very well without it. The value of gold would be higher, or prices would be lower. How much lower you have not the materials for forming an opinion. The question implies an ignorance that, whatever the quantity of the commodity out of which the unit standard measure of value may be coined, its value will always adapt itself so as to enable that quantity to do the work required of it quite as

effectually as any other quantity, whether smaller or larger. Given a certain quantity of gold and a certain range of prices: if the quantity of gold were reduced one-half, a fall of fifty per cent. in prices would enable the diminished quantity of gold to do its work quite as effectually as the larger quantity did before. If the quantity of gold were doubled, a rise of prices of one hundred per cent. would employ the double quantity of gold quite as effectually as the smaller quantity was employed before.

You cannot discover any possible influence upon the average rates of interest and profit that is traceable to alterations in the quantity of money, whether the money in question be coin or paper. The increase or diminution in the quantity of money does not affect the quantity of capital. If in the altered distribution of this money, some get more or get less of the capital than they otherwise might have got, is this a reason for fancying that all other persons would be similarly affected? Such an inference might be presented in this light: There is a certain quantity of capital. Owing to a change in the circulating medium, some borrowers get hold of a larger share of this capital than before. Therefore all borrowers get more. Or some borrowers get less; and therefore there is less remaining for others. A change in the circulating medium may, in the course of its progress, be simultaneous with other occurrences affecting the quantity of capital and the rate of profit. But the altered rate of interest, if any, would be occasioned by those other occurrences and not by the simultaneous change in the circulating medium.

As evidence of the confused notions afloat on money questions, and of the way in which they are fostered by pertinacity in abuse of language, I should be wrong not to ask you to bestow a thought upon what is called the "money-market." For the convenience of the dealers, and also of the public at large, purchases and sales of particular classes of commodities are not uncommonly negotiated and made at or near special centres or markets, which take the names of the classes of commodities there offered for sale. Thus we have corn markets, cattle markets, colonial markets, leather markets, and coal markets. We have also a centre for the purchase and sale of annuities, or of securities entitling their holders to dividends or interest, and for borrowing and lending money upon them. All these markets have one feature in common. Money, or the representative of money, passes from the purchaser to the seller. In each particular market a different class of commodities passes from the seller to the buyer. The name of the market, as might be expected, is taken from the articles sold. The annuity or security market stands alone as an exception to that rule, at all events when treated of by literary men. By them it is called the "money market;" and this misnomer lends its support to sustain the delusion that the value of annuities and securities is affected by the varying quantity of money, and not by the varying quantity of capital seeking investment. Scarcely a week passes without the repetition of the cuckoo-note of the effect produced or to be produced on the value of securities by the arrival or expected arrival, or by the departure

or expected departure, of large amounts of the precious metals; and in spite of the repeated arrivals and departures of those metals without any traceable effect, the cuckoo-note is sounded as unblushingly and perseveringly as ever.

You have studied and learned to understand the principles to which the movements of the heavenly bodies conform, and you have noted how regularly the recurrence of certain phenomena, such as the flux and reflux of the tides, may be seen to be adjusted to the varying positions of the sun and the moon in regard to the earth. But you must be extraordinarily fortunate in the society—the select society—which you have been surrounded by, if your ears have not often been tormented by expressions of hopes and fears about changes of weather dependent upon changes of the moon, particularly upon the hour of the day when the appearances of new and full moon recur.

The talk upon those subjects that one is condemned to listen to, at least with decorum, originates, of course, in ignorance—in ignorance advertising itself through the habit of talking upon subjects to which study and reflection have never been applied. You are sensible, even with your attainments, how many subjects there are upon which you are uninformed. But knowing where you are ignorant, you know when to maintain silence, unless you break it for the sake of gaining information from those who have turned their attention to subjects which had not happened to come within the range of your studies.

The quantity of superficial and irrelevant jargon

current on the subject of "money matters" is no doubt attributable to prevailing ignorance. This ignorance, again, may be traced to the neglect in our schools and colleges of the kind of studies that you have been pursuing with me. More than ordinary difficulties oppose the removal of ignorance on "money matters." Its victims are unconscious of the bondage in which they are held. It is strongly intrenched under cover of the "confusion of tongues" which you have been reconnoitring. This fortification, however, is not impregnable; and ere long it must surrender to assailants disciplined and armed as you are destined to be.

I may be allowed to compliment you here upon the steadiness with which you have stuck to the whole of the course of investigation into "money," and to the attempts which we have been making together to clear it from the ambiguous and contradictory language, through which it has been surrounded with difficulties insuperable to adult supineness not previously enlightened. These studies have been characterized as dry and uninviting. You, happily, have learned to consider every thing attractive that is likely to chase away the clouds which might hide the truth, dim clearness of understanding, and hence widen the distance which separates the best of us from religious excellence.

CHAPTER XVII.

Present state and prospects of society as respects the stock of wealth—Who own it?—The apparent possessors of wealth, not its real owners—Annuities, mortgages and landed estate—Purchase, sale and transmission of these titles to wealth—Worth of annuities, how determined—Fluctuations in the rate of interest, their causes and consequences—Supply and demand of loanable capital—Borrowers and lenders—Rates of interest, as they prevail in different countries, dependent upon the different rates of profit—Causes and consequences of these different rates—Impulse and direction given to the migration of labourers and capitalists, and to the transmission of capital—Facilities organized and provided for the investment of capital at a distance from the control of its owners—Effect of all these operations upon the individuals directly concerned, on the land of their birth, on the land of their adoption—Usury, and religious teaching of bygone times in regard to it—Importance of the study of these questions—Influence of the knowledge thereby acquired upon clearness of moral perception, strength of moral conviction, and hence upon right conduct.

WE have examined together, and endeavoured to convince ourselves what kind of qualities ought to prevail among mankind in order to maintain a state of well-being. We have passed in review the contrivances, the contracts, and the institutions and usages through which it has been hoped to make labour more and more productive, and to cause wealth to be so distributed as to call into existence those qualities allowed to be essential to the general well-being. Nor have we omitted to give that attention which they deserve to the educational appliances upon which the first development and early growth of intelligence, and of good habits

and conduct must greatly depend. Let us now, with the aid of a few comprehensive and universally accepted statements of fact, have before us a picture—not pretending to merit as a work of art, but claiming confidence as a faithful representation of the actual state of things in our own country; and then endeavour to ascertain how far what is desirable in that state may be attributed to an observance of the rules of conduct which have appeared to us most conducive to well-being, and how far that state is susceptible of amelioration, and by what means.

We may begin by noting that there exists among us a large stock of wealth, and that for years past this stock has been progressively increasing, and still continues to increase. This increasing stock of wealth can be traced to no other source than the increasing intelligence and improving conduct and habits of the people. Among those who possess the larger shares of this wealth, may be enumerated the more intelligent and better conducted; and among those who possess the smaller shares, and none at all, may be enumerated the less intelligent, the ignorant, and the ill-conducted. The rights of property, which confer upon the possessors of property the power of disposing of it during their lives, and by will after their death, to whom they please, modify somewhat this classification of those who possess the larger and smaller shares of wealth; although not so much as is sometimes imagined, for the ignorant, wasteful, and profligate inheritors of wealth part from it to their better conducted neighbours with marvellous rapidity.

The various kinds of wealth, and the portions possessed by different individuals, are estimated in money. Wealth, in common, but not commendable phraseology, is talked of as money; although it must be obvious to anybody that the money of such a country as ours can scarcely be the one-thousandth part of its wealth.

We may next note that the apparent possessors of wealth are not always the real possessors of it; and, sometimes, are the possessors of a portion only. The farmers, for instance, who have just gathered in their harvest, and see around them their numerous ricks of corn and stacks of hay, besides their flocks of sheep and herds of cattle, know that out of the value of these they have to pay the rent due to their landlords. Some of them may be working their farms with the aid of borrowed capital, and they must pay interest for this, as well as rent for the land; and at the appointed time they must repay the capital also. In like manner, the manufacturer or shipowner may have borrowed upon the security of his factory or ship, and, accordingly, is only part proprietor of the wealth which is represented by the factory or ship. The fitting of the ship, and the raw material to be manufactured, may be bought on credit; and, if so, out of the freight to be earned, and the finished fabric to be disposed of, the debt contracted has to be liquidated. In all these cases, the creditors, although not apparently, are, in reality, the possessors of part of the apparent wealth of the shipowner or manufacturer.

There are very few of our large industrial companies which are not partly working with the assistance of

borrowed capital. The railway, dock and canal companies, are almost all under large obligations to pay interest on borrowed capital, and eventually to repay what they have borrowed. The apparent proprietors, therefore, of the whole visible capital are not its exclusive proprietors, but proprietors subject to the prior claims of those who have lent the borrowed capital.

The landlords or proprietors of land to whom their tenants have to pay rent conformably to the terms of the lease or agreement under which they hold, are often only part proprietors of the revenue which is paid by the tenants. If the rental of an estate be 1,000*l.*, and its proprietor, whether to indulge in extravagance or to make provision for some members of his family, shall have borrowed 10,000*l.* on mortgage at 4 per cent. per annum, his income, after having parted with that 10,000*l.* is only 600*l.* He is, in reality, only part proprietor of the estate of which he is nominally sole owner.

The merchants, wholesale and retail traders, and carriers and shipowners, under whose names, and in whose warehouses and shops, trucks and vessels, the larger part of the merchandise is held, may be considered as the trustees, rather than the proprietors of it, responsible for its safe custody, sometimes liable for loss from deterioration in its quality or from fall of price, but besides, they may be under acceptance for its original cost, and looking to the sale of the merchandise for the means of fulfilling their engagements.

In addition to all the titles to participate in the

aggregate wealth of the community conferred by the mutual agreements and contracts between individuals acting either separately or in association, another title exists, which has its origin in the debt contracted by Government in the name of the nation. You know, of course, that we have a national debt of about eight hundred million pounds, the annual interest payable on which is about twenty-four millions of pounds. Our national debt has been swelled to this magnitude by repeated borrowings. Means have been required by successive Governments for what they considered national purposes; and, whether rightly or wrongly, it was thought more advisable to obtain those means by borrowing, than by taxation. The loans contracted from time to time have made up the large total of debt which we now have; and so long as it remains unpaid, it is necessary to raise by taxes 24,000,000*l.* annually to pay the interest. The terms on which the debt has been contracted are peculiar in this respect. The nation is not bound to pay either the whole debt or any part of it at any stipulated period; but for all that remains unpaid, they must continue to pay the interest agreed upon.

It so happens, and we shall presently see why, that the creditors of the nation are mostly individuals forming a portion of the nation. They stand in this position as regards the community of which they are members: they are entitled, each according to his share of the debt, to perpetual annuities, chargeable upon the aggregate wealth of the community. The various parties who hold the wealth have to part, according to some

rule or scale settled by law, with so much thereof in taxes as will suffice to pay these annuities. The sum total of these annuities is divided into all kinds of amounts, and distributed from hand to hand by gift, or legacy, or sale, at the will of the parties possessing titles to it for the time being. The readiness with which sales and purchases of Government annuities can be effected acts, for the individuals concerned, nearly the same as if the principal were claimable from the Government. The proprietor, for instance, of 1,000*l.* three per cent. stock, or, which is the same thing, of a perpetual annuity of 30*l.*, may sell it for 1,000*l.*, or 800*l.*, or any intermediate sum, according to the state of the market; and which sum may be either more or less than what he gave for it. Supposing the proprietors of these annuities to be our own countrymen, the payment of the annuities is a transfer merely, through the taxes, of a portion of the wealth annually produced from one set of individuals to another; the country, or aggregate community, being none the poorer for it, although it was so much the poorer for the expenditure on account of which the debt was contracted.

All the titles, which we have just enumerated, to shares of the wealth of the country, neither add to nor take from the total of that wealth. They may create impediments to industrial proceedings, and therefore make it desirable to discontinue the practice of borrowing; but where some of a nation owe what others are entitled to, the quantity of wealth is not affected. Where the inhabitants of any country possess titles to annuities payable by other countries, these annuities

form an addition to their income over and above the wealth everywhere around them. In like manner, when the inhabitants of any country have become indebted to other countries, or entered into engagements to pay annuities, or annual interest, such liabilities must be deducted from the wealth visible around them, in estimating their actual possessions.

The transfers of property, the purchase and sale of annuities, loans from individuals and nations to one another, in obedience to the shifting wants and varying inclinations of the parties concerned, are of everyday occurrence. The manner of conducting them may affect the happiness of numbers directly and indirectly. The young persons who early in life make small deposits in savings-banks, and the great capitalists who are busily engaged in the purchase and sale of bills of exchange and annuities, and in the contracting of loans, the proprietors of estates and annuities who wish to exchange them for capital, in order to engage in industrial operations, and the retiring men of business who are anxious to wind up their concerns, and to invest their capital in annuities or landed estate, are all deeply interested in understanding what they are really about. They ought not to be satisfied with the consciousness that they are blindly complying with practices which prevailed among their predecessors, and are kept up by their contemporaries. They ought to be anxious to become acquainted with the probable consequences of their transactions, not only as they may affect their own individual welfare, but also that of society. While in the dark about such matters, especially if wilfully so

how can they be considered as moral agents—as persons with any conscientious scruples as to what they ought to do, and what they ought not to do, what they may accept and what they may decline, in the perfect assurance of neglecting no duty, or of committing no offence against society?

To throw light upon all the complicated transactions to which we have just referred, we must trace them back to the motives in which they originate. As they all resolve themselves into borrowing and lending, we may ask, Why do people lend? To obtain interest. Why do people borrow? To obtain a profit over and above the interest which they pay, or to fulfil some engagement which they have entered into, or to furnish the means of some outlay or expenditure. What determines the rate of interest? and ought any limit to be placed to what should be exacted on the one hand, or acceded to on the other? These questions cannot be satisfactorily answered without some little previous inquiry.

If some rate of interest had been settled between borrowers and lenders, could anything occur to disturb that rate? Let us suppose, for example, while borrowers and lenders were contracting loans at an interest of about five per cent. per annum, that the number of lenders were to be increased, with a corresponding increase in the amount of capital to be lent, other things remaining the same; or that the number of borrowers were to be diminished—would not the rate of interest fall? On the other hand, if the number of lenders were to be diminished, or the number of borrowers to

be increased, would not the rate of interest rise? May we not, then, as the first step in our investigation, conclude that the rate of interest will fluctuate with the number of the borrowers and lenders, rising as the number of the former in proportion to that of the latter increases, and falling as it decreases? Differently expressed, it may be said that the rate of interest will be determined by the supply and demand of loanable capital.


Very great fluctuations have been known to occur in most parts of the world in the supply and demand of loanable capital, with corresponding fluctuations in the rate of interest. The supply of loanable capital has been known to be so much in excess of the demand as to procure from borrowers less than two per cent. per annum. At other times, in the same part of the world, the demand has been so much in excess of the supply, as to cause interest to be offered at the rate of more than eight per cent. per annum.

These fluctuations in the rates of interest obtainable for loans of capital are often spoken of as fluctuations in the value of money. Of course, this is one instance, among many others, of misuse of language. But it ought to be noted and guarded against. We must live in the world as it is, and familiarize ourselves with the language that is spoken around us. Once alive to the fact, that the "value of money," in common parlance, means two different things—sometimes, the quantity of commodities obtainable in exchange for it, and at other times the rate of interest obtainable for a loan of capital estimated in money, we are preserved

from the danger, and have only to complain of the inconvenience, of an ambiguous language. Very little practice will render us expert in detecting and exposing the erroneous conclusions which are formed and sheltered under this slovenly use of language, and enable us to profit by the evidences abundantly offered to us of a rise in the rate of interest, simultaneously with a fall in the value of money or a rise of prices, and *vice versâ*; or, according to those who delight in mystification, a rise in the value of money concurrently with a fall in its value.

For the purpose of our own investigations, and to assist in expediting them to sure conclusions, we need but note this double-dealing in words to avoid it. Adulteration is practised on the words that issue from the mouth, as well as on the food which goes into it. We should arm ourselves with tests for its discovery, and with antidotes against its deleterious effects, while we rigorously abstain from poisoning or misleading others by its use.

Let us now ask, Does anything exercise a controlling influence over these fluctuations in the rate of interest? When the rate of interest is unusually low, is anything likely to raise it? Or when it is unusually high, is anything likely to lower it? The answer to these questions is not attended with any difficulty. The industrial world is peopled with individuals selling their own labour and lending their own capitals, with individuals employing their own capital exclusively, and with individuals employing the capital which they have borrowed as well as their own. When the



prevailing rate of interest is very low in comparison with the computed rate of profit, is there not an inducement held out to those who sell their labour and lend their capital to withdraw their loans and employ their own capital? and to those who have not hitherto borrowed capital to do so, and to those who are employing borrowed capital to borrow more? When the prevailing rate of interest is very high compared with the computed rate of profit, is there not an inducement to capitalists who have been borrowing to repay some portion of the capital held by them on loan? and to those who might be considering whether to lend their capital or to employ it, to decide in favour of the first, and to those who have their capital lent out at interest, to leave it undisturbed? Is it not self-evident that the perpetual action of such inducements must tend to establish some proportion between the rate of interest and the rate of profit? Should we not expect to find, amid all the fluctuations in the rates of interest and profit, that the rates of the former will always be less than those of the latter? and that where the rates of profit are higher or lower than elsewhere, there the rates of interest will be higher or lower also?

In an extraordinary concurrence of circumstances, constituting what is called a commercial crisis, where profuse expenditure and an ignorant and reckless contracting of engagements have prevailed to such an extent as largely to increase the number of borrowers, the urgent demand for means to fulfil engagements, from which there is no escape except in borrowing or bankruptcy, may cause the rate of interest for a time to

reach a climax far exceeding any conceivable rate of profit. A bad harvest or a succession of bad harvests, bringing disappointment to the hopes of those who were anticipating the usual increase to capital and its replacement at all events, would diminish the capital available for loans while the urgency of borrowers might be on the increase. The reaction from such a state of things, when capitalists have called in much of their outlying capital, which they offer on loan while their own future operations are still undecided, may for a time reduce the rate of interest to the lowest which will compensate for the trouble of making a loan. A good harvest or a succession of good harvests, occurring while the number of borrowers was smaller than usual, by increasing the capital available for loans, would still further strengthen the tendency towards a minimum rate of interest. But when these two opposite and necessarily short-lived states of things have passed away, must not the rate of interest be determined in some measure by the rate of profit? May we not say that in countries where the rates of profit are highest, there the rates of interest will be highest also?

So clearly does this necessary connection between the rate of interest obtainable on loans and the rate of profit presumed upon seem to be established, that when we know the prevailing rates of interest in different countries, we seem to know also approximately the comparative rates of profit in those countries. It will not be disputed for a moment that the average rate of interest in the Eastern provinces of the United States is considerably larger than that in England, while the prevail-

ing rate in the far west and California, and also in the Australian colonies is still larger. Is there reasonable ground, independently of these rates of interest, for concluding that the rates of profit in these different countries vary in something like the same proportion?

There are such grounds. In long settled and fully occupied countries, every addition made to capital—every improved industrial arrangement is accompanied by what, in some respects, may be considered a disability—a disability of procuring additional land equal in fertility to that already under cultivation. All over the United States, there is abundance of land of great fertility awaiting the application of new capital as fast as it is created; and in the far west, California, Australia, and other countries similarly circumstanced, there is land of indefinite extent promising undiminished returns to the enterprising capitalists who can be led to sever the ties of kindred and country in order to reap the abundant harvests placed within their reach. These *causes* of the smaller and larger rates of profit among different people nearly on a par in industrial qualifications, some inhabiting fully occupied countries, some inhabiting partially occupied countries, and others inhabiting countries where the land may almost be said to be wholly unappropriated, need only to be pointed out. Their sufficiency to account for the *effects* attributed to them, scarcely admits of being questioned by any truthful inquirer, let the scrutinizing spirit in which he examines the chain of causation be ever so rigorous.

This marked excess in the prevailing rates of profit and interest in partially occupied countries, above those

in the fully occupied, disturbed as they both are by the fluctuating wants of borrowers and lenders, gives a special direction to the intercourse between the capitalists of these countries. The capitalists of the former borrow from those of the latter. The great bulk of the capital employed in the commerce between the two sets of people is supplied by the latter, who are glad to receive a lower rate of interest than what could be obtained, and, therefore, would be insisted upon by the former. An annuity of *three* pounds per annum in London, of *five* pounds in New York, and of *eight* pounds in Sydney might be purchased for the same sum. Can we expect, then, that the capitalists of New York and Sydney should invest their capitals in London, or that the capitalists of London should not be tempted to transmit some portions of their capital for investment in New York and Sydney? The facts are in harmony with what we should be led to anticipate from the respective circumstances of the countries in which these marts of commerce are situated. The inhabitants of the United States, California, and Australia, except in peculiarly exceptional instances, are not proprietors of our national annuities, of our railway, dock, or municipal bonds, whereas the inhabitants of England are large proprietors of all these securities in the other countries mentioned, besides supplying the larger portion of the capital with which the commercial intercourse between these countries is conducted.

At the epoch of civilization which we have reached, man is becoming more and more a citizen of the world,

as well as the member of a particular community. Now-a-days we behold an emigration from Europe, exceeding 300,000 people annually, to the partially occupied lands of America and Australia. What young person can say to himself, I shall not during my life be summoned to emigrate with my family, or to weigh the proposals of some of my children or dependents to emigrate, or to countenance or discountenance similar intentions in others? Ought he not to make himself thoroughly acquainted with the probable consequences of this gigantic movement, unparalleled in history, to the individuals engaged in it, to the communities of which they are members, and to the whole human race? The individuals who go as labourers—do they not see a promise of higher wages, since the land which they seek possesses a smaller number of labourers in proportion to its capital than the land which they quit? The capitalists who accompany them—do they not observe a larger productive power attached to capital in the land of their adoption than is attached to the same capital in their native land? Are not these results, to labourers and capitalists, partly derivable from that rapidity, frequency, and security of intercourse, which while it enables them to better their own condition, enables them also to benefit the land of their birth by an interchange of the commodities which each country can produce with comparative facility?

Besides the labourers and capitalists who go forth, and who, of course, are on the spot to perform their own duties and to protect their property from loss

through those who might neglect theirs, capital is also tempted to go forth *on trust*, unaccompanied by its proprietors whose engagements and affections keep them at home. Can they venture to employ this capital with the same prospect of profit as if they were on the spot? Can they bestow the adequate superintendence? Can they readily adapt its direction to shifting circumstances as they arise? Beyond the pale of commercial operations, where firms have partners and confidential agents in both countries, the vigilance and promptitude requisite for success would be impossible. A railway in Australia, for example, clearly capable of yielding *ten* per cent. upon the capital embarked in it, would not be undertaken by capitalists there if they could earn *twelve* per cent. in agriculture, sheep-farming, and gold-digging, unless other capital could be attracted to co-operate with theirs. In England, there may be capitalists who have never earned more than *eight* per cent., however gladly they would at any time have shown their predilection for *ten* per cent. But, personally, they are tied at home, and fear to risk their capital on works which they cannot supervise. There seems to be some difficulty in the way of constructing the railroad. Is it insuperable?

No. The resources of modern industrial science have bridged over this difficulty. In England, besides the capitalists who are earning *eight* per cent *profit*, there are others who are in the daily practice of lending capital for less than *five* per cent. *interest* on good security, and who would welcome an opportunity of obtaining *six* per cent. The railroad is projected. One-

half of the requisite capital is subscribed by the Australian capitalists, and the other half is borrowed on the security of the earnings of the whole line from capitalists in England at *six* per cent. The railway being successful—that is, answering at least to the estimates which preceded its projection—the capitalists in Australia earn *fourteen* per cent., and those in England receive *six* per cent. interest, to the gratification of both; and the inhabitants of Australia enjoy the benefit of a railway, which, in the order of development of their own unaided resources, they might have been deprived of for years.

If the Government in Australia, which, of course, is able to pledge the property of the entire community, and thereby to raise the security greatly in the estimation of lenders at a distance, were to proffer their guarantee, the capital from England might be borrowed at *five* per cent., and then the earnings from the line would yield a profit of *fifteen* per cent. to Australian capital, after paying an interest of *five* per cent. to the English capitalists. Or, if for every 100*l.* Australian capital subscribed 200*l.* English were borrowed, the Australian capital would earn *twenty* per cent., and the English 10*l.* for 200*l.*, or *five* per cent., as before.

Before we take leave of the range of topics growing out of the practice of transferring capital from hand to hand, and from place to place, I ought to warn you that the conclusions at which you have arrived, are greatly at variance with those which prevailed widely in this country only a few years ago. When one set of opinions have been abandoned for another of quite

an opposite charater, it may still be useful to bestow a retrospective and cursory glance at the grounds on which the discarded opinions were held. Money-lenders (for the term has been handed down to us from remote ages) used not to be looked upon with much favour. Men engaged in industrial pursuits did not, as now, associate on a level with landowners, military and naval men, and members of the so-called learned professions. The borrowers were the needy of these latter classes—men who, for purposes of expenditure, mortgaged their estates, or borrowed on their personal security. The lenders were wealthy merchants and dealers, to whom the needy applied for loans. The security and character of the applicants were frequently not of the best, and the legal process for recovery not of the easiest, the safest, nor the cheapest. The rates of interest insisted upon, and reluctantly yielded, were, at times, as you would expect, very high. Disreputable borrowers brought forth disreputable lenders; and then the rates were higher, and the transactions such as would scarcely bear the light even in those days. Needy and disreputable borrowers met with more sympathy than rich and disreputable lenders. A dishonest spendthrift is talked of, to this day, with less severity than the man who is dishonest enough to trust him and help him to the consummation of the ruin towards which he is rushing. An outcry was raised against extortionate rates of interest. The legislature listened to the outcry, and enacted a law, limiting the rate of interest to five per cent. A name—"usury," was applied to stamp the illegality of any rate higher than

five per cent. That word is now nearly obsolete. In those times, a usurer was pointed at as something worse than a law-breaker. A man suspected of usury was much less tolerated than the smuggler. He was held up to scorn, and denounced from the pulpit as a sinner.

Usury may henceforward take rank with heresy and witchcraft, among those foot-prints recorded and preserved in history, which serve to mark the tortuous and thorny path through which man has groped his way out of darkness towards the light, the comfort of which he is partially enjoying, and the decreasing distance and growing brilliancy of which cheer him in his progress onward.

No class derives greater support from the improved intelligence of the present, as compared with that of the past, than the class of religious teachers. No class is destined to share more largely in the benefits of the further growth of intelligence which awaits us. For it would be unpardonable to confound those who do equal credit to their calling, and to the advanced civilization of their age, with others whose only notion of religious excellence is to cling with febrile tenacity to incoherent interpretations of doctrine, alike derogatory to Divine goodness and wisdom, and obstructive of human improvement.

History has preserved to the religious teacher of the present day records of the wanderings of his predecessors in the mazes of error and superstition. During the dark ages, heresy and schism, usury and witchcraft, were classed with murder and other atrocities

among the deadly sins, punished with equal severity on earth, and represented as less likely to be forgiven in heaven.

The youthful student, so far from having been encouraged to examine courageously and earnestly, and yet modestly and cautiously, so as to qualify himself to distinguish readily and clearly the true from the false, the good from the bad, the religious from the superstitious, was checked and frightened at the very threshold of his studies. His religious teachers used every effort to bind him down not to depart from the ways of thinking of his fathers; and made him swear to the conclusions which he would arrive at, before permitting him to enter upon his studies.

The brighter and better grounded faith of these times is leading religious teachers into safer paths. They know that truth, and particularly religious truth, can only be adequately taught by inclining the young, the ignorant, and the inexperienced, to exercise their understandings, by carefully bringing before them the facts and phenomena of life, from which the different kinds of conduct will not be omitted; and then pointing out the methods by which they may learn to distinguish for themselves the good and the bad, the religious and the irreligious. By this kind of exercise, in defiance of mistaken religious instruction, it was that a few among our forefathers were able to raise themselves out of heathenism, and gradually to abandon superstitions which could not but cling to a barbarous people, whatever religion might be offered to them. By

perseverance in this exercise, with the help of the better methods of modern religious instructors, we are beginning to comprehend and appreciate the true beauties of holiness, and to discover the means by which these beauties shall be brought to act most effectually upon men in the improvement of their conduct towards one another.

We may accept as another evidence of the improved religious teaching of our times, in addition to the many already cited, the doctrines inculcated in regard to what constitutes a religious disposition of capital. It is not, as represented formerly under the epithet "usury," the higher rate of interest which makes the loan of capital sinful, or the lower rate which stamps it as religious. The sinfulness of the transaction is to be judged by the purpose for which the loan is contracted, and if that purpose be a good one, the larger the rate of interest the lender obtains, the more skillfully does he manage his own business, and the more successfully does he contribute to the welfare of society.

As there remain sin and wickedness enough in the world to demand all, and more than all, the intelligence and devotion in the gift of religious teachers, are we not right in affirming that no class has gained more than theirs by the increased light of the age? They are relieved from that pernicious perversion of religious authority, and from that waste of precious religious power into which they were unconsciously led while warring against witchcraft, heresy, and usury. They are left at liberty to concentrate all their efforts against undeniable and deadly sins, many of which they have

hitherto noticed too little, and some of them scarcely at all.

For the same reason that the rate of interest is low and the worth of annuities large in fully occupied countries, compared with what they are in those partially occupied by people similarly advanced in civilization, the value of landed estate is also high. In fact, the purchase of landed estate resembles, in many respects, that of an annuity. Assuming the rates of interest in England, New York, and Australia, to be respectively three, five, and eight per cent., is it not obvious that an estate yielding a rental of 120*l.* which in England was worth 4,000*l.*, might in New York be worth no more than 2,400*l.*, and in Australia only 1,500*l.*? There is another reason why landed property, similar in fertility and in the number of acres, should be more valuable in fully occupied countries. The inability to procure additional land of a high order of fertility has driven cultivators to submit to the lower profits obtainable from the cultivation of land which would be entirely neglected in countries where fertile land is to be had in abundance, and has caused the rent of the more fertile land to be greatly increased. Not only, therefore, is landed property, comparing rental with rental, vastly more valuable in the old than in the new country, but it is still more valuable, if we compare acre with acre of similar fertility.

We have now enough before us, to enable us to enter upon a comprehensive examination of the kind of knowledge and habits requisite to qualify those who are engaged in directing and borrowing and lending capital,

to do so with benefit to themselves and with advantage to society. It is evidently a work—this direction of capital, mixed up as it is with the use of credit—which ought not to be undertaken by ill-instructed or ill-disciplined people. Starting with young persons in their industrial career, we would inquire, what ought they to do with their first savings? What should guide them in deciding whether they ought to employ their own capital, or lend it to others, or whether they ought to borrow what is offered to be lent to them? Whether they ought to accept bills of exchange, and thereby make themselves liable for their payment on a certain day? Whether, in order to provide for the payment of their own liabilities, they ought to rely upon the opportunity of discounting the bills which they hold accepted by others; or if, not calculating upon their discount, they ought to rely upon the unfailing solvency of the acceptors of those bills, and their punctual liquidation? Whether any and what precautions ought to be used in contracting to supply capital to carry on the internal trade of the country, or the commercial intercourse with other countries? When capital ought to be invested in annuities or landed estate? or when capital ought to be borrowed by pledging or mortgaging annuities or estate?

Into the details of many of these questions we need not enter here. They may more properly be reserved for the counting-house and other industrial establishments into which most men must enter, and through which they will have to pass. But we ought—all men who aspire to take part in some active duty, or to become integers

of the great sum total of sound public opinion, ought to look out for instruction leading to a thorough comprehension of the general principles, in obedience to which the decision upon all such matters should be formed. At the same time, they ought to have present to their minds the consequences of a departure from, or inattention to those principles, not merely to the culprits themselves, but to society at large. Our next business, accordingly, shall be to inquire into and elucidate these matters, so far at least as they ought to be understood by all who consider moral conduct something to be religiously practised—who are not content to make it a theme for light, inane and unmeaning talk and gesticulation.

CHAPTER XVIII.

Duties of capitalists as enlarged by the use of credit—Profit from the successful performance of these duties the property of the capitalists—Loss from want of success also theirs—The wages of the labourers certain, and paid out of capital—Labourers only indirectly and remotely affected by the success or failure of capitalists—Increased profit from the use of credit—Increased liability to loss from its use—Misuse of credit as exemplified in the operations of farmers, of manufacturers, of merchants—Precautions by insurance—How bankruptcy and insolvency occur—Commercial panics and industrial convulsions—Extra precautions needful in thoughtful capitalists, to guard against the ignorance and recklessness of others—The circulation of untrustworthy bills as much an imposition as that of counterfeit coins—Commercial panics fallaciously represented as originating, not in want of sense and conscientiousness, but in want of money—Hopelessness of escape from the recurrence of commercial panics and industrial convulsions, if the rising generation be not instructed in the “morals” of credit, and trained to a conscientious use of it.

WE have already obtained some insight into the consequences of the dealings and engagements between capitalists and labourers, masters and servants, employers and employed. We have formed some opinions which we feel we can justify and firmly stand by, concerning what these two classes owe to themselves respectively and to each other. The sphere of their duties is considerably enlarged, and the call for knowledge and circumspection in the discharge of their duties is much more urgent, when the use of credit in all its various forms has been introduced and acted upon. Having examined with some minuteness the character of the

transactions which the extended use of credit has given rise to between individuals and nations, we now return to the further consideration of the duties of capitalists and labourers—what they ought to do and what they ought to be on their guard against; and what consequences are likely to ensue, either from ignorance or from neglect of these duties. As the capitalists take the initiative in all industrial operations, set them in motion, direct and control them, their conduct, their duties shall, in this second and more extended review of them, take precedence of those of the labourers.

Capitalists or proprietors of capital, and its administrators, or they who have the control of capital, have to conduct their operations amidst all the vicissitudes of prices, and all the improvements which gradually supersede former methods and arrangements, and depreciate the value of the capital embarked under them. Theirs is the gain or loss, according as they judge well or ill of future probabilities and adapt their operations to meet them. Whatever may be the consequences at a remoter period to the labourers, they are not immediately affected by the good or ill success, by the profit or loss attached to what their employers are engaged in; for their wages are paid out of capital, mostly long before results, whether profitable or unprofitable, can be ascertained, and are not dependent upon those results.

We hear, for instance, of profitable and unprofitable years for farmers, but we know that much is going on, particularly where the most approved methods are adopted, the profits from which cannot be realized till

after many years. There are good and bad harvests, sometimes general, sometimes local; sometimes accompanied by similar harvests in other parts of the world, sometimes the reverse. The fluctuations in prices and profits from these causes can never be safely lost sight of, and demand, first, all the sagacity, and secondly, all the provision against contingencies which may not be foreseen, that former experience can suggest. But the wages of the labourers are paid at once. They neither depend upon the distant success of the latest experimental improvement, nor upon the productiveness of the forthcoming crop, nor upon the prices that will be obtained for it when it is gathered in. Future wages, or the wages of future labourers, may be greatly influenced by the success or failure of present operations, because increased productiveness means increased wealth, an antecedent, if not the cause of increased capital which, with improved habits and conduct, is sure to be followed by increased wages and an improved state of existence.

If we turn to the operations of the manufacturer, we perceive like difficulties and dangers to be encountered by the capitalist. His factory, with all its fittings, after being deliberately planned, must be established, and a large amount of capital must be fixed in it, whatever imperfections may be brought to light when it is tested by use, or however much it might be improved upon by the help of discoveries made coincidently with the erection and completion of everything that had been planned. Then comes the purchase of raw material, and its retention in stock while going through the

various processes of manufacture, subject to all the chances of falling prices, till purchasers apply for the finished fabric, or till it can be taken to market. Of course, the manufacturer is open to the favourable contingency of advancing prices. He has before him loss or extraordinary gain, and, between the two, an ordinary profit. Aided by all the intelligence and circumspection that the experience fitting him for his vocation would help him to, in figurative language, he steers his way, keeping as far as possible on the favourable side of an average profit. But whether he be destined to reach the desired port or not, or however distant the hour of his arrival, the wages of his workmen are dependent upon no future results. They are paid, and forthwith, out of his capital.

One more illustration must suffice to place the general position and responsibilities of capitalists fairly before our eyes for examination. The commercial capitalist, wholesale or retail, buys, holds, and sells. He necessarily incurs expenses peculiar to his business. But let his tact and judgment be ever so good, he will at times be obliged to submit to sale prices below those at which he had purchased. At other times, it is true, he will realize prices yielding a profit more than sufficient to counterbalance previous losses. The greater the distance of the markets to which he exports, or from which he imports his merchandise, and the longer the time which must elapse before he can effect his sales, the more, of course, must he be exposed to the chances of fluctuations of prices, giving rise to loss instead of profit on the one hand, and to extraordinary profit on

the other. No such uncertainties and vicissitudes fall to the lot of his clerks and labourers. They have their trials and anxieties of course, in common with other men. But their salaries and wages depend upon no future contingencies; they are paid out of capital, in conformity with the terms agreed upon beforehand.

We have, in our earlier lessons, dwelt at sufficient length upon the qualifications indispensable in the capitalists who are to conduct their business successfully. All the capitalists who embark in business, as we know, have not the requisite qualifications. Experience tells us every day of new recruits joining the administrators of capital, and of the sifting process by which the ill-qualified are cast aside, to serve in a subordinate capacity or to retire on annuities. This sifting process, through which the incompetent are separated from the competent, however unavoidable, can never be otherwise than painful to the incompetent. But the degrees of loss and suffering induced through the process vary greatly, both as regards the individuals directly affected and the society of which they form a portion. We may find it possible to point out the causes of these different degrees of loss and suffering attached to different kinds of administrative incapacity.

Let us first examine the cases of those unsuccessful capitalists whose transactions, whether as farmers, manufacturers, or merchants, are confined within the limits of their own capitals, who, whatever credit they may give, never take any—whose purchases are all by cash-payments, and who, if they sell on credit and receive bills in payment, do not discount them. Busi-

ness does not thrive with them. Things go wrong. Accidents befall them. Disappointments cross them. Unexpected difficulties bewilder them. In short, they prove unequal to their position; and loss, not profit, is the consequence. They are certainly to be pitied; and it is to be hoped that their own discretion or the influence of judicious friends will induce them to retire from the task in which they are engaged before the whole of their capital is melted away by mismanagement. But let them stick to their business ever so pertinaciously, what is the worst that can befall them, so long as they take no credit, or, which is the same thing, incur no debt? They can but lose the whole of their capital. The evil to society, also, is limited to the loss of that portion of the general capital under this incompetent charge, and to the bad industrial discipline afforded to the workmen employed through it while subject to the process of dissolution.

Where credit is used, the loss and suffering from mismanagement take a wider range; and the understanding these cases, when they occur, in all the forms under which mismanagement hides itself, and the following them to their remoter consequences, will require a rather more lengthened examination.

A farmer's maladministration presents the simplest case of loss in connection with the use of credit. He may use credit in one or both of these ways: by buying stock and the various requisites for his husbandry on credit, or by borrowing in anticipation of what he expects from forthcoming crops. Of one in the way of resorting to these means of increasing his gains, and of

deferring the day of reckoning, with a sanguine disposition and a not over-watchful superintendence of his expenditure, his failure will mean, not only entire loss of capital and suspension of employment to labourers, but creditors unpaid, and their loss, or, perhaps, ruin, carrying similar loss and ruin to other capitalists, with disturbance and anxiety, at least, to those employed under them.

The case of a manufacturer leaning upon credit is the least intricate to examine after that of the farmer. The factory in which he carries on his work, and the machinery which he uses, may not be his own. He may pay rent for it, or, having been his own, he may have mortgaged it in order to obtain capital for other requirements of his business. He may next buy his raw material on credit, and, to crown all, with the view of pushing sales and extending business, he may sell on credit; not that he can dispense with the money to meet his purchases as they fall due, for he draws bills of exchange, and so long as his credit and that of his buyers are good, he discounts them with bankers or others, disposed to employ capital on loan. A time of rising prices, which he calls a time of prosperity, may blind him to all the danger of his position, may more than cover, while it lasts, all the consequences of mismanagement in detail, and may seduce him into extravagant expenditure; but when falling prices come in their turn, and he finds it impossible to meet his bills as they become due, his failure means much more than the entire loss of his capital, the closing of his works, and the abrupt cessation of wages to hundreds of

workmen. It means loss, inconvenience, dismay, and anxiety to all his unfortunate creditors.

The position of the merchant gives him a wider scope in the use of credit than either the farmer or the manufacturer. His dealings may be exclusively for his own account, or on joint account with others, or on commission. If on his own account, and he be of good repute, his purchases may be on a scale out of all proportion to his capital. He may accept bills for the merchandise on its way to him, and while prices favour his operations his sales supply him with funds more than sufficient to meet all his acceptances. Or when his merchandise arrives in port, being dissatisfied with actual prices, and looking forward to higher, he may borrow upon its security, and thus provide himself with the funds requisite for paying his acceptances. The extent of his transactions in proportion to his capital may be scarcely known beyond himself. While rising prices place enormous profits within his reach, and conceal from his view the danger in the midst of which he temporarily holds them, thoughtless lookers on magnify and envy his good fortune. Flushed with success, his imprudence ripens into foolhardiness, and his engagements reach their maximum as prices begin to fall. To portray the melancholy results of business so conducted, as experience would warrant—cargoes arriving which will not yield enough to defray freight and charges, money raised at extravagant rates of interest, and finally creditors obtaining one shilling, or may be not sixpence in the pound, would be to risk a smile of incredulity from those by whom the records

of mercantile delinquencies are unread. We may be satisfied with the simple exposition already given of the consequences of mercantile mismanagement, credit being here added and used as a power to extend those consequences, far and wide, in all directions.

Credit is scarcely less liable to abuse where the merchant calls himself a commission merchant, professing to do no business on his own account. His income is derived from commissions on the value of merchandise the property of others, bought and sold by him for their account. To obtain these commissions, he must have orders to purchase and consignments to dispose of. There are two modes of obtaining an extensive connection through which to earn commissions. One is, a steady attention to all particulars in the execution of orders, buying and selling on the most favourable terms, and keeping all correspondents well advised of the states of the markets. The other is, granting facilities in the way of credit by accepting bills in anticipation of sales and by waiting for remittances after the execution of orders. However dazzling a large business may be, obtained by these latter means, and however gratifying to sum up the large total of commissions, especially during a season of rising prices, it must be obvious that in falling markets—when claims have to be made for repayments on account of advances made in excess, or where remittances have to be made by correspondents suffering from losses, instead of realizing profit on the merchandise bought, the commission merchant is in danger. The larger his business, the more formidable must be his risk. Losses, though small in proportion

to the total amount of his business, if that amount be large in proportion to his capital, may involve him in ruin. Such a merchant will be a frequent customer at the banks to procure cash through the discount of his bills; and when some of these bills which he had reckoned upon by anticipation are not paid at maturity, when others not yet due are inapplicable to present emergencies on account of the discredit attached to them, and when finally he stops payment himself, he may begin to suspect, what more sagacious persons could have told him long before, that in reality he had been trading, unknown to himself, on his own account, subject to these unfavourable conditions:—that the profits from rising markets were not to be his, while losses from falling markets were to be borne by him, or, through his insolvency and disgrace, by his creditors.

There is another portion of business which it has been found expedient to separate, like banking business, into a class by itself; and there are peculiarities about it that deserve a cursory notice.

Farmers, manufacturers, and merchants, in the course of their respective businesses, are exposed to losses, which although of comparatively rare occurrence, might seriously cripple their resources or overwhelm them in ruin. Such are losses from fire and shipwreck. They have sought protection against these casualties, and an advancing civilization has enabled them to contrive it, by agreeing to make a small certain payment in order to acquire a right to receive compensation for the heavy uncertain loss, should it

befall any of those who had made the small precautionary payment.

Capitalists associate to make themselves collectively responsible for losses by fire and shipwreck, whenever they may occur, on consideration of receiving the small payment agreed upon between them and the parties who apply for protection. This class of business has long been of sufficient importance to obtain for itself a name—Insurance. The parties who have purchased a right to receive compensation for losses when they may occur are said to be insured. The maximum of the compensation to which they can be entitled is the sum insured. The consideration paid is called the “premium,” and is, after negotiation, generally settled at so much per cent. according to the estimate formed of the risk. Subject to that, accordingly, the premium is proportioned to the sum insured. By this contrivance, capitalists and industrial administrators obtain protection against losses which otherwise might deprive them for a time of the means of earning profit, or which, if their business were conducted with borrowed capital, might lead to bankruptcy. Housekeepers resort to these companies to insure their furniture, the result of years of saving, intended to last for a life, and which it might be difficult for the losers to replace.

Insurance companies calculate their premiums so that as large a surplus as possible may be left, after all the claims upon them have been satisfied, and the expenses of management have been defrayed. This surplus is their profit. It is kept within bounds, on an average

of years, by the inducements sure to operate upon other capitalists to organize establishments for similar business, if a prospect were presented of profit at or above the ordinary rate.

The occasions are numerous, also, on which individuals desire to insure their lives. Young men whose families have made large outlays for the sake of giving them professional and scientific attainments of a high order, men who have been appointed to lucrative offices, or who have reason to expect advancement if their lives are spared, and others who have borrowed capital the profit from which depends upon their being able to superintend its employment, are among those who are prepared to pay a small annual premium for the purpose of securing to their executors or trustees a sum adequate to compensate for the whole or part of the loss that would be consequent upon their death at an early period. Capitalists have associated and formed themselves into insurance companies, to take this risk and to afford the security desired.

Many of the labouring classes have wished to protect their families, and also to secure some relief for themselves, in the event of their being incapacitated from earning by illness or accident. They have formed themselves into benefit societies, with a view to obtain payment for those contingencies, as well as for death. By the very structure of insurance companies and benefit societies, it must be obvious at first sight that the persons who live long, escape accidents, and are blessed with good health, contribute to the relief of those who suffer from accident, are afflicted by illness,

or are deprived by death of the one whose earnings supported the family. Experience has shown that society is liable to be visited by loss and suffering from the causes mentioned ; but it cannot be told upon whom the loss will fall. They who are intent upon effecting their escape, subscribe and undertake to spread a loss, thereby rendered light and bearable, over the whole, so as to avert a loss which, falling upon a few, would be heavy and perhaps unbearable.

These associations are developments of modern times. They may be cited among the unmistakeable signs of man's progress in habits of thoughtful consideration for the contingencies of the future. As with other new applications of industrial power, life insurance and benefit societies are liable to be mismanaged and to be misconstrued, and thereby turned to mischief instead of advantage. Mismanagement is to be observed, when the contributions have not been made large enough to cover the casualties and the expenses of management ; the later claimants being cut off from that relief to obtain which they had been subscribing for years, the funds having been exhausted by prior claimants. Misconstruction is to be seen when life insurance and benefit societies are relied upon as substitutes for economy. Admirable auxiliaries as they are in support of economy, they can never, without danger, be accepted as substitutes.

There are periods in a people's progress when changes in form and direction are taking place in capital on a large scale. Among the changes of modern times may be named those in connection with canals, docks,

gas and water supply, steam transport by land and water, and telegraphic communication. For these purposes it has been necessary to concentrate large capitals under one united management. Mistakes and failure are liable to occur in large as well as in small concerns; but the loss of the capital contributed is the utmost that can occur, where there is no credit. Where, however, the capital engaged is only paid-up in part, the bulk of it being subscribed; where undertakings are entered upon by contractors in the full assurance that the capital subscribed will be forthcoming when required; where labourers have flocked from distant parts and other employments at the invitation of these contractors; and when, on account of the facilities in obtaining credit, aided by the allurements of vague and illusory hopes of enormous gain, subscriptions or undertakings to produce capital tenfold of what can be produced have been entered into with blind alacrity: can there be any doubt as to what must ensue? The first steps taken to call up the capital subscribed lead to the suspicion that it will never be got together. The successive steps turn suspicion into certainty. Shares in abundance are offered on sale, but there are few purchasers. Contractors demand payment for work completed, but they cannot be paid, for capital is not to be had; and as they cannot go on with their contracts while unpaid, the works must be suspended, and the labourers be dismissed.

Engagements of this kind may be extended, especially by the capitalists of fully occupied countries, to other countries — those partially occupied. The capital of

England, there can be no doubt, has been largely embarked, partly through contribution and loan, partly through subscription, to aid many great works in America, Australia, and India; and all the loss and suffering consequent upon credit, if it be ignorantly and recklessly resorted to, will be aggravated by the time which must elapse before rectification or aid, if procurable, can be brought from a distance.

Every day, unfortunately, brings its quota of bills of exchange dishonoured, of bankruptcies and insolvencies. There could be none of these were credit unknown or unused. We need not affirm that they all originate in the misuse of credit. But we have seen how its misuse must give rise to them. The records of our bankruptcy and insolvency courts exhibit plainly enough how many of them are brought about by the ignorant and unconscientious use of credit. And it is difficult to say how the number of them is to be reduced, except by that better teaching and training which will lead to a more enlightened and conscientious use of credit, or by its discontinuance.

Its discontinuance is not to be thought of; since its use, under all the disadvantages resulting from reckless and ignorant conduct in regard to it, is accompanied by a large preponderance of good to society. In most instances, and by most people, it is used with discretion. We would have it used with like discretion in all cases and by all people.

We have not yet painted a thoroughly graphic and faithful picture of the distress which the misuse of credit in its most aggravated form is capable of

inflicting upon society—of what it has been known to have inflicted—of what, if we will not exert ourselves to prevent it, may yet recur among us. Bills of exchange, and other contrivances resulting from the adoption of credit, are substitutes for money. They tend to make money less valuable, or to keep prices at a higher level than they would otherwise maintain. As long as they rest on a secure basis, that is, are set in motion by parties who are scrupulously attentive to be ever prepared to fulfil all their engagements, their action is sufficiently uniform to occasion no disturbance. Indeed, the facilities which they lend to industrial operations are the means of neutralizing, or, perhaps, of more than neutralizing this tendency to raise prices, by the larger quantity of commodities which they assist in producing.

But when bills of exchange are set in motion by persons who feel no such controlling influence, they may, during periods of exaggerated expectations from the opening of new markets, from fluctuations of supply, from the discovery and application of new powers of production, obtain an unusually large expansion and promote a most extravagant rise of prices. When the circulation of these counterfeit representatives of value is at its height, the number of borrowers and lenders will have been largely increased, and prices will have risen to their climax. Sooner or later the touchstone of convertibility can no longer be evaded; and bills of exchange, which have been given and received in payment, cannot be paid when due. Other bills of like character are coming forward from distant parts as

remittances for merchandise sold there. Bills of exchange based upon solid transactions are undistinguishable from the baseless or, as some of them are called, accommodation paper; and a most distressing want of confidence is engendered. Borrowers are as numerous as before, but lenders disappear. The rate of interest rises. Annuities and shares fall. Prices also fall, for credit no longer serves to the same extent as a substitute for money. On a large scale this constitutes a commercial crisis or panic.

There are many persons whose thoughts have not been much turned to the consideration of the probable alternate effects of the circulation and subsequent withdrawal from circulation of a large amount of bills of exchange and other applications of credit. Let us suggest a course of inquiry that will place these probable alternate effects before the eyes of such people. If the quantity of money in the commercial world were to be doubled within a very limited number of months, what would happen? Prices would rise rapidly. When would they be at the highest? Soon after the increase in the quantity of money was at its maximum. Would this effect be the same, if part of the increased quantity of money, unknown and unsuspected by the public, were counterfeit? Yes. When it began to be suspected that a large part of the coin in circulation was spurious, what would happen? General distrust and backwardness in selling. The money in circulation would have to be called in, to be tested and certificated. Those who handed in none but what was destined to be condemned would find that they had no money. Those

who had the certificated returned to them would obtain more for it than before; for prices could not but fall. Those who held the yet untested, they not having had the opportunity of presenting it for test, and an urgent call being made upon them to fulfil some engagements, would submit to a heavy discount to induce the holders of certificated coin to make an exchange with them.

If, concurrently with commercial misconduct, there occur banking delinquency—a milder term for mismanagement in this branch of business ought not to be used—every symptom is aggravated. But if a commercial crisis fall upon a time when thousands of individuals in every rank of life have been contracting obligations to supply capital which they could never rationally expect to fulfil, then we have an industrial convulsion—swindlers exposed, merchants and manufacturers ruined, partners left in the lurch, works abandoned in a half-finished state, capital destroyed, workmen turned adrift, and, worse than all to the thoughtful man, though suggestive of the real seat and origin of the disorder, professors of morality, teachers of youth, and ministers of religion to be found in no small number among both the tempters and the tempted.

Strange to say, there have been—perhaps there still are—persons incapable of perceiving that so dreadful a calamity as a commercial crisis or industrial convulsion can only originate in misuse of credit—in ignorance and recklessness in the handling of an instrument of production, powerful for good when wielded ably and conscientiously, for evil when wielded ignorantly and

recklessly A commercial crisis is but a large aggregate of individual insolvencies, and the apprehension of many more, without the means of distinguishing the whole of those who may be trusted from those who may not. A cry for relief rises from the sufferers. The less imprudent are stripped of their means and brought to a stand-still by the more imprudent. They rave against the bankers and against the Bank of England in particular; also against the law which rigidly insists that promises shall be fulfilled, and which imposes conditions to secure that legal-tender notes shall be as gold in a more convenient form. They call out for more money. They might as well call for more corn, more wool, more sugar, more cotton, or more of some other commodity frequently more wanted (witness its price) than gold in the very crisis. They want some unobtainable means of fulfilling their engagements. They do not ask for corn, or wool, or the like, because they know that neither banks nor Governments can supply them. They ask for money under the delusion that banks can supply money, which they cannot any more than they can supply corn. Banks can supply credit, and they earn their incomes by doing so, but they can only supply it in proportion to the means placed at their disposal: beyond that, the perils of discredit, of bankruptcy, of disgrace, await them. They can distribute capital, but only what their customers trust to them.

There are readings and interpretations of the signs of a commercial crisis opposed to those which we are inclined to adopt. So long as they are current we

ought to know of them; and we ought to understand where the parties who adopt them are in error. Thus instructed, we may be able to persuade others to abandon their errors and to concur with us in the doctrines which we have accepted as true. There is no disagreement as to what are the principal events of a commercial crisis, between those who interpret them as we do, and those who, as we think, misinterpret them. These events are, a rise in the rate of interest and a fall in the value of annuities, a fall of prices, partly concealed in the prices of some commodities by their accidental scarcity, and suspensions of payment and bankruptcies with all their train of evil consequences to the working classes or receivers of wages. The misinterpreters of these events, in their off-hand way of describing them, comprise the higher rate of interest and the lower price of annuities and commodities under one term, "scarcity of money," to which they attribute the insolvencies and bankruptcies deplored in common by all. Whence the scarcity of money arose or how it is to be relieved, by whom it is felt and by whom it is not felt, and why? they fail to explain. Neither do they tell us how people who have had counterfeit coin or worthless paper passed off upon them as genuine can avoid feeling a scarcity of money when informed of the imposition of which they have been made victims. Would they have the imposition concealed and persevered in for the purpose of preventing the threatened "scarcity of money?" Had we not better take precautions against allowing our eyes so to feast upon shams as that in the end realities appear

“scarce?” The absence of lucidity in these statements indicates a bewilderment in their ideas. They supply the place of explicitness and hide their want of clearness by assertion, reiteration, and passionate declamation; denouncing those who do not agree with them, and who decline to aggravate evils under the pretence of relieving them, as unfeeling and incapable theorists.

Let us re-state what has appeared to us to be the correct reading of the events constituting a commercial crisis. A preponderance of lenders establishing a low rate of interest; borrowers acting upon this, and among them many who, through ignorance or recklessness, have no reasonable prospect of being able to fulfil their engagements; a gradual extension of credit and increase of bills of exchange; a rise of prices and employment of capital in new works and distant countries, partly by actual contributions, partly by subscriptions or under contract; appearances of large profits from the rise of prices and the sale of shares in undertakings which are said to promise boundless riches to all fortunate enough to be interested in them: these are the antecedents and early stages of an industrial convulsion. The following stages as they are announced, can scarcely be said to take us by surprise. The preponderance of lenders begins to disappear, and a growing preponderance of borrowers succeeds; the rate of interest rises; the banks are more resorted to; their reserves decrease; they call in some of the advances which they had made on securities; shares and annuities fall; some bills and securities begin to

be suspected and cannot be discounted or sold; those connected with them press hard for means; credit is shaken; the bills of exchange which are paid at maturity are not replaced; prices fall; imaginary profits disappear, and real losses become visible; and then come bankruptcies and their consequences. What caused the bankruptcies? Want of money? or want of sense and conscientiousness? It is not flattering to our self-love to attribute them to the latter. But we may be comforted in our mortification. The want of sense and conscientiousness can be guarded against in the future. To attempt to supply this imaginary want of money would be to take capital from those who know best how to use it, and transfer it to those who had proved their unfitness to be trusted with it.

A commercial crisis, it is evident, is a state of things in which many persons occupying the position of capitalists want the capital requisite to fulfil their engagements. It would be wrong, nevertheless, to fix upon a want of capital as the characteristic feature of a commercial crisis or of an individual bankruptcy. The real want is that of knowledge, of circumspection, of conscientiousness in making use of credit. In a state of society where these qualities are far from universal, an additional duty is imposed upon him who does possess them. He must make provision against the commercial misconduct of others that may chance to involve him at any turn. With all his caution in selecting bills of exchange, he must be prepared to find that some in his possession will be left unpaid at maturity. His exposure to suffer loss

and disappointment from this source will never be absent from his thoughts, and an occasional failure among those who are indebted to him will find a reserved fund out of which the loss may be made good.

The conclusion or, as we might call it, the moral from this investigation into the conduct of capitalists is that, if they are to thrive and society as well, they ought to be competent from their theoretical knowledge, their practical experience, and their good habits, to administer the capital of which they are possessed. Bankruptcies and insolvencies as they occur day by day, and swelling at intervals into panics and convulsions, are consequences of ignorance, inexperience, and recklessness. They are dreadful calamities; and so are famines and epidemics. When they come upon society, society has no alternative but to endure them as best it may. But it may extract instruction and improvement for the future out of its present suffering. Might not these calamities have been averted? Is it true that they originate in want of knowledge, of experience and of conscientiousness? How can this want have been so long unobserved or unrelieved? Is it possible that in the education of the young, to prepare them for the responsible duties of administrators of capital, there are most serious and lamentable omissions? that in particular, as regards instruction, the morals of credit are scarcely thought of, much less taught? and that, as regards conduct, training to a sense of honour and duty in keeping expenditure within the limits of income, and in declining all obligations the performance of which at maturity is not thoroughly provided for,

can scarcely be said to come within the range of collegiate or academic duties?

If there really be such omissions in the general system and practice under which youth are taught and trained—if the recommendation to supply the omissions in future would be met by most professors and teachers with a stare of astonishment, and an order to introduce what is wanting with a look of despair and unmistakeable symptoms of incompetency for so grave an addition to the demands already made upon them; would not the laying bare of so supine and effete a state of educational operations, also lay bare some of the causes why capital is so often committed to unsafe hands and administered unprofitably for its owners and dangerously for society? If there be a justification for the surmises and suspicions thus forced upon us, can we doubt that among the educational leaders of the day, there are some even now remonstrating with their brethren and asking in the most solemn tones:—Will you exert yourselves to extirpate these blemishes from our educational establishments, or will you ignominiously cling to the educational perquisites, while others earn the educational honours and the gratitude of future generations?

Do not the investigations in which we have been engaged suggest, besides, the thought that the duties of capitalists, and particularly their duties in the use of credit are subjects which well deserve the attention of those among us who, strictly speaking, are not destined to take an active part in industrial pursuits, but who, occupying an exalted station, are destined to exercise an influence over the conduct of others through their

intelligence and example? Is it possible to over-estimate the blessings that it may be reserved for you to confer upon society through your ability to discriminate between the right and the wrong in these matters, and through your determination to encourage the former by your countenance and support, and to banish from your presence and favour all who practise the latter?

CHAPTER XIX.

Duties of labourers—Preparation for the performance of these duties more and more necessary as civilization advances—Qualifications of labourers—What the young labourer of the present day has to expect—He must be on the alert to transfer his labour to new employments, and at a distance from the place of his birth, and not be surprised at or disconcerted by inhospitable treatment from his new associates—He must be able to deal sensibly with invitations to resist capitalists, to combine against them, and to insist upon a share in their profits—He must understand the unreasonableness of hostility and jealous feelings towards highly paid foremen and confidential servants; why he cannot obtain increased money-wages on a rise of prices; how he may protect himself against the mismanagement of administrators of capital; and why the use of machinery and the importation of cheap goods are beneficial, not detrimental to him—Painful duties of the religious instructor consequent upon a low state of civilization—Is the young labourer of the present day thus prepared for the work before him, and why not?—Is human nature intractable, or are the attempts made to prepare him inadequate for the purpose?

HAVING examined and endeavoured to master what may be called the duties of capitalists and of the administrators of capital, and what they ought to do, looking at the state of civilization in which they are placed; the work next before us is to examine into the duties of those enlisted under them—the labourers of the present and, among them, the administrators of the future. A thorough understanding of what these duties are, and what preparation before entering upon them is indispensable for their satisfactory performance, ought to be possessed by all who pretend to aid in this preparation,

or who aspire to mitigate and improve the lot of their fellow-creatures. Still more ought the understanding of these duties in their minutest details to be mastered by those who are to discharge them, as they obtain promotion, step by step, in their industrial regiments.

The contrast presented by the requirements of the young labourer in a very early stage of society, compared with what are called for in these our days, deserves a passing notice. In the early or infant stage, his opening faculties comprehended at a glance the whole of the circumstances in which he was placed. He found himself an infant among infants older and stronger than himself. As he grew, he acquired strength, courage and dexterity in the use of the rude weapons and tools that were ready to his hands. He could not escape seeing that he was thrown upon his own exertions for self-maintenance and self-defence, and upon 'good fellowship with neighbours for mutual assistance in distress, and power to resist more formidable attacks from a distance. In common with all around him, he suffered from the frequent visitations of famine and disease, and succumbed to what would now be called trifling accidents. These to him were part of the inevitable law of nature. To us, who look back upon them, they seem the consequences of his ignorance. But—and it will be useful that we should seize the thought—to fit him to take his position among his fellows; to share in all the advantages, such as they were, of that society, no special preparation—no preparation that did not seem to come of itself was called for.

Very different is the position of the young labourer

starting into life now-a-days. He finds himself an ignorant, awkward infant among men mature in science and dexterous in its application. The results of science and art surround him: how they were attained is a mystery to him. Not only are famines guarded against; abundance may be enjoyed the whole year around. Arrangements and contrivances well known to maintain health and prolong life, to avert and relieve pain and disease, and to heal wounds, abound; and laws, usages, and rules of conduct are before the world, compliance with which leads to peace, security, and good fellowship: making in the total a state of well-being. But he cannot participate in this well-being without special preparation—without preparation that does not come of itself. We have already noticed some of the items of this preparation, and we must now try and enumerate all of them in their completeness. First, however, we will form to ourselves a sketch of the career that awaits him, assuming, where you do not find it necessary to interpose objections or demand explanations, in order to avoid repetition, that the grounds of much accepted as true, and stated accordingly, have been fully examined and concurred in.

He must begin by selling his labour, for he needs a share of the produce of past labour. His labour must be worth the purchasing; and it may be so little worth, that the capitalist who purchases it looks for some part of his return for the wages which he pays, in the increased worth of the future labour which, on that account, is made to form part of his bargain. His wages are paid in money, which, fluctuating in value, enables

him to procure less at some times than at others of the necessities and comforts of life. The increase of his wages depends upon his increasing usefulness—upon his ability to persuade the master whom he serves, or other capitalists who require his kind of service, that he can by his labour produce what will be worth more money to them than the increased wages of which he is in search. If he bend and afterwards steadily apply himself to the performance of his duties, studying his employer's interests, controlling his temper, and taking every opportunity of pushing his own improvement, the wages of a confidential, intelligent, and skilful workman are before him, or advancement to a post in which administrative capacity is called for. He may even be invited to take a partner's share in the risk, responsibility, and profit of some industrial concern. Or he may, with capital which he has saved, launch out into business of his own, confident of success, from the experience and readiness acquired by years of conscientious devotion to the business of others.

Part of the future before him is necessarily uncertain, and therefore unknown. With all his efforts, he may be incapacitated by illness or accident; he may miss favourable opportunities; he may fail to develope even average ability. All this he may have to regret. Can he do anything to provide against it? Must it destroy his happiness, or only throw an occasional gloom over it? Savings-banks, benefit-societies, and other institutions, by means of which present earnings may be appropriated to guard against future unfavourable contingencies, are ready at hand. Calamitous circumstances

are not so often traceable to the lower wages, as to the better wages misapplied. The judicious application of low wages can scarcely fail to lead to better; whereas the misapplication of good wages eventually leads to lower, and not unfrequently to loss of employment and to destitution.

We must not indulge in flattering pictures, but aim at correct representations of things. We must not, therefore, pretend that the young labourer in most parts of the world is not born to a severe struggle. Granting that he has got hold of the requisite knowledge and judgment, and has formed good habits, he finds around him adult labour paid at a rate so low as to be incompatible with physical health and strength. How is he to raise himself out of such a state? Can he do it? To answer these questions we require to know something more of the circumstances under which this state of things has grown up. Why are wages so low? The capital is small compared with the number of labourers; and as the sources of capital are industry, skill, and economy, there must have been a lack of these qualities in times past. But although the present effects of past causes cannot be escaped from, we may, while accommodating ourselves to them as well as possible, so shape our conduct as to avert similar effects in the future. While suffering from inadequate wages, the young labourer, as the only means of guarding against like suffering in the future, will aim at cultivating and acquiring more knowledge, more skill, more industry, and more economy, and thereby perform his share of

the work necessary to increase future capital and future wages.

It may be that this inadequate rate of wages—this lack of capital as compared with the number of labourers, is not universal throughout the world, not even throughout the country which he inhabits. It is open to him, then, to shift his residence—to transfer his labour to other parts of the country. He will, of course, have to separate himself from relatives and the friends and associates of his youth, but he will take with him the consoling reflection that he is not only doing what is best for himself, but also what is best for the community, by directing his labour where it is most in demand. In performing this duty to himself and society, he may find his efforts obstructed by difficulties and annoyances superadded to those inseparable from a search for employment and hospitality among strangers. He and some intelligent companions selling their labour in Dorset or Wilts at eight or nine shillings a week, having by great self-denial saved a small fund which makes locomotion possible to them, and having learned that they may sell their labour in Wales, or Stafford, or Lancashire, at seventeen or eighteen shillings a week, resolve upon going there. They find capitalists ready to treat with them on these terms. Are the labourers among whom they arrive disposed to welcome them? May they not look upon them as interlopers, whose advent among them will either reduce their current rate of wages or prevent the increased rate to which they were looking forward? The deportment of the

new comers may do much to soften and allay such hostility.

There is, of course, but one certain cure for it: the substitution of a higher moral tone among labourers in general—of a clearer perception of the conduct best adapted to promote the growth of capital—of a keener appreciation and deeper sense of the consideration which men owe to their fellow-workmen, as well as to their employers.


His wages, as we observed, are paid to him in money. Except the gradual rise which will follow his increasing usefulness, or the decline that will accompany incapacity, his money wages may be tolerably uniform. His wants, also, will be tolerably uniform; but, owing to fluctuations in prices, his money wages will sometimes not procure for him more than one-half of the principal necessities of life that they will at other times. He will be invited to join in a demonstration to put down the high prices, which are attributed, by those who appeal to him, to some misconduct on the part of the producers and distributors of the commodities enhanced in price. He must be in no danger of participating in this delusion. He must be aware that the various commodities that constitute capital are being incessantly consumed to be reproduced or replaced, but, owing to vicissitudes of seasons and other causes, not always uniformly, or so as to satisfy the wants of all who are counting upon this reproduction. When any commodities are short in quantity for a time, the rise in price indicates the deficiency, and enforces economy in consumption. He must know,

also, that the raised price of the deficient commodity not only checks consumption, but attracts supplies from other quarters. Impressed with these convictions, he will sanction no demonstration the effect of which can only be to aggravate, not to mitigate, scarcity—to seduce people into the persuasion that, with a supply inadequate to last out till more can be produced, consumption can be indulged in unchecked without ending in starvation.

With the best dispositions to push his own way, he may have commenced his industrial career inauspiciously. His parents may have been obliged to throw him early upon his own resources, and he may have had no opportunities for mastering any of the sciences or their applications which lead to the better paid employments. The workmen among whom his lot is cast will have been similarly circumstanced. With many of them, the creditable anxiety to improve their condition may have degenerated into a morbid irrational discontent. They consider themselves as the victims of some monster grievance. Some imaginary enemy external to themselves, not the real internal enemy, is oppressing them. The capitalists, their masters, crush them—keep wages low in order to make profits high. He is urged to unite with his fellow-workmen in asking for—in insisting upon higher wages. “Intimidation may wring from masters what prayers will beg in vain. Combinations and strikes will obtain justice for us. But determination and union are needed to carry us to a successful issue.” If these proposals of his fellow-workmen could appear to him

well considered and adapted to the objects aimed at—higher wages and improved circumstances; he might give in his adhesion to them. While listening to these proposals, he must have ever present to his thoughts that, as wages are paid out of capital, the higher wages of some, if acceded to, will be accompanied by lower wages to others, at all events till the increased efficacy of labour, under improved direction, has increased the wealth out of which more capital may be formed. He will, therefore, ask himself, and his fellow-workmen if they be reasonable enough to listen to him, whether their wages are higher or lower than, or on a level with, those of other workmen of similar attainments in the same branch of business. Should he find them to be higher, he will counsel peace and silence with well sustained efforts to give satisfaction, lest their favoured circumstances depart from them. If he find them to be equal to those of others, he will suggest that their employers could hardly be expected to give higher wages than their neighbours. Whereas, if the result of his inquiry be that they are lower, he will, in common with his fellow-workmen, not be disposed to submit tamely to a rate of wages unequal, by the general concurrence of other capitalists, to their merits as workmen.

He will find no excuse, even in circumstances so galling, for resorting to hostile steps. He would contribute his assistance in order to make sure that the knowledge of their inferiority of pay was brought home to their employer. This, he will think, must suffice to procure redress. If not, the gradual secession of his




best workmen, goaded by a sense of the want of good feeling in the conduct persisted in towards them, to seek better wages and better treatment, would drive the most unreasonable and intractable employer to the necessity of raising the wages of the few workmen who had not yet abandoned him, and of procuring others under the disadvantage of a character likely to subject him to the mortification of paying rather more than others for the same quality of work. He will not positively predetermine that a united representation to their employer, or a common course of action, as a means of obtaining higher wages, or better arrangements for health, comfort, and efficacy, might not be advisable, but he will be keenly sensible that threats of inconvenience or damage to their employer, and still more, the execution of them, must weaken or destroy that harmony which gives an additional charm to satisfactory wages, and makes insufficient wages less unbearable.

He must be prepared for calumny and misrepresentation. He may be out-voted or pointed to as a traitor, and be driven from his work. These are evils to which all are exposed in times of semi-barbarism. Let them be nerved thereby to improve the rising generation, not frightened into entailing upon posterity a continuation of the wrongs from which they suffer by their cowardly connivance. If he escape outrage, he will be overwhelmed with bold assertions, flat contradictions, and the most astounding flights of fancy, under the pretence of reasoning. All your talk, he may be told, goes for nothing against facts. They will cite

instances to him where higher wages have been carried by combinations and threats of strikes. He must be sufficiently well grounded in knowledge, and too firm and collected, to be either puzzled or irritated by such flagrant sophistry. He must be able to see at a glance that the pretended instance of higher wages carried by intimidation was not *one* fact, but *two* facts, supposing them to be true, clumsily and falsely represented as standing to each other in the relation of cause and effect. Granted that there was the threat of a strike. Granted that there was a concession of higher wages. Does it follow that the first was the cause of the latter?

The wages that were raised, were they lower than those paid elsewhere for similar work? If so, as the increased rate must have been conceded without threats, how can threats be said to have obtained it? He would then challenge the production of an instance in which combination had maintained a rate of wages higher than that paid elsewhere for similar work. Strange illusions are fastened upon people by passion and prejudice. Admitting, for the sake of showing the absurdity in which we should be landed, that a combination could succeed, against whom would it be successful? Not against the capitalist, for a higher price would be obtained by him for the commodity of his production, to place him on a level with other capitalists. Against whom, then, would it be successful? Against other workmen, by driving them away from the favoured work, to them tabooed—by resisting the tendency of wages to distribute themselves among labourers in proportion to their several producing capa-



cities—by impeding the movement among labourers to offer their labour where it will be best paid, and where, therefore, it will be employed most beneficially for society.

The supposed success, however, is as impossible as it would be ignoble. It rests upon the outrageous assumption that the capitalists yielding to the pressure put upon them could obtain higher prices to compensate for the higher wages extorted from them. Who would pay these higher prices? Who could pay them, and continue their business successfully? Other capitalists paying the current wages, and selling their products at prices which left no more than the ordinary profit, would attract all the business. The intimidated capitalists would find no customers at their enhanced prices. They would lend their capital to those who could employ it profitably elsewhere, or remove with it themselves: so that the rejected labourers and the displaced capital might, through the same influence, come together under a different combination to that from which they had been driven. Annoyance, inconvenience, and loss would result from all this; but the greatest sufferers would be, not the intimidated capitalists, not the rebuffed strangers, but the triumphant unionists.

In selecting, retaining, and shifting service, no more dangerous illusion can prevail among workmen, while none is more likely to be placed before them as a reality, than that their insufficient wages are caused, partly at least, by the large profits of their employer and the high wages or salaries of the experienced and

confidential servants whom he retains in his service as supervisors or heads of departments.

The comfortable style of living, and the display of the wealthy, among whom will be found many employers of labourers, are tempting subjects for the declamation and complaints of those who can only account for the indifferent pay of one class by pointing to the luxuries enjoyed by others. Such declaimers occupy strong vantage ground whence to address their appeals to the ignorant and disaffected; for we cannot deny that a festival in the midst of starving people, and luxurious living contiguous to pinching poverty, must be far from favourable to kindness of feeling in the afflicted towards the revellers—they have a tendency even to raise emotions the reverse of agreeable in the calmest and most contemplative of observers. The young labourer who is to enter upon his career in such a state of society ought to be fortified by a course of study similar to that in which we have been engaged. Whatever may be his reflections upon the luxurious establishments of the wealthy, not in them will he see the impediments to his advancement, but in his own shortcomings, in knowledge and conduct; and to the removal of these will he direct his efforts.

If the profits of his employer be represented as something in which he ought to share, as something closely connected with the low wage awarded to himself, he will ask, "Whom had I better serve, a thriving or a failing master? one who makes large profits, or one whose profits are small? In whose service have I the better opportunities for self-improvement, and conse-

quently the better hopes of advanced wages in the future?" Reflection follows—"My wages are low, it is true, and so are the wages of others more than my equals in age and attainments, some of whom serve less capable or even incapable masters. I should have no objection to participate in the profits of my master, but as I am better off than others already by having entered his service, why should I and others as favoured as myself be specially elected to share in his profits? If he were disposed to distribute any portion of them, the unfortunate servants of the less capable or of the incapable would be fairer objects of charity than I am. Clearly, I have no claim to a share of my employer's profits. I must strive to establish a claim to higher wages, by proving how efficiently I contribute to the increase of his profits through my service."

A similar train of reflection leads the thoughtful apprentice to discern nothing but advantage to himself from first-rate workmen placed over him. Why does the employer who gives him so little give them so much? Because they are worth it, and might most likely get as much elsewhere. Part of their worth to the master whom they serve, is their ability to instruct and discipline the young workmen placed under them. He will ask—Should I be better off if my master engaged inferior men to place over me, because he would not disburse wages sufficient to engage superior men? or ought I to congratulate myself upon serving a master who gains large profits by paying high wages to superior men who can turn such services as mine, retained at low wages, to the best account?"

Each young man, as he enters the industrial ranks, has to take his chance of serving unsuccessful capitalists. Much is necessarily going on in the financial department of his master's business out of the reach of his observation, and of which he would be unable to judge. Instead of profits that he might covet a share of, there may be loss or impending ruin not to be altogether unfelt by him. He must be as much alive to this calamity possible in his path, as the mariner must be to the storm likely to disturb the uniform prosperity of his voyage. He is particularly exposed to the consequences of an unskilful or unscrupulous use of credit by his master. Among the first symptoms to a practised eye might be increase of wages to himself and promotion to a higher post. He must be cautious not to indulge in the fascinations of enlarged expenditure; for an industrial convulsion may be at hand. His steady economy and that of his fellow-workmen may act as a counterpoise against the annihilation of capital which is silently preparing through the folly of capitalists.

The utter prostration of workmen which too often follows upon the ruin of their employers is not the inevitable consequence of that ruin. The lesson which you would extract from such events to all parties would be: Capitalists, mourn over the ruin which you have brought down upon yourselves and extended to thousands besides! Labourers, look at what steady economy on your part might have provided against! Teachers of infancy and childhood, open your eyes to the omission of which you have been guilty, in not qualifying capitalists and labourers to steer clear of such

misfortunes ! and beware of earning, not the gratitude, but the execration of your fellow-creatures, by persisting in a course through which, as far as you are concerned, no precautions are taken against the formation and continuance of capitalists likely to place ruin in the way of labourers, and of labourers incapable of keeping out of it if placed in their way !

Our young workman will have a host of monster spectres, besides, to fight against. While working and saving as one who knows how to make what he owes to his future self a large item in his present enjoyments, he will be taunted with the futility of his struggle, so long as heartless capitalists are allowed to supersede human labour by the continual introduction of new and improved machinery, and as greedy insatiable merchants, callous to the wants of others, import commodities from abroad, the producing of which would employ labourers at home, and setting no bounds to their avarice, actually give a preference, in their purchases, to those commodities which can be procured at the lowest prices compared with the prices obtainable at home. These representations ought to sound childish enough in his ears ; but he cannot be so far removed from the thoughts and conversation of his father's friends and companions, as not to recognise the expressions of doctrines held by them with as much tenacity as if they had been articles of religious faith. They are not yet extinct, and he must be prepared to meet them. He will deal with them cautiously. He will be tender with the victims of superstition, while he repudiates their superstitions.

He will, for his own comfort as well as for their improvement, try to unravel for them the tangle of their own confused ideas. He will ask them, why a machine, the produce of labour, should be represented as superseding labour, when it is only a means of directing labour so as to make it more productive. He will invite their attention to the main difficulty ever impeding the creation of new capital—that of finding profitable employment for it. He will endeavour to show them that every new contrivance, by which labour is made more productive, affords an opening for the employment of additional capital, leads to its accumulation, and, as a consequence, provides increased wages for the same labourers, or the same wages for a greater number. How can he, with these convictions, either declaim or conspire against machinery? How can he omit to dissuade others from nourishing hostile sentiments towards it? How can he, while trying to reconcile them to one of their best friends falsely suspected as an enemy, fail to urge them to make themselves worthy of that friendship by studying its value and by learning how to use the resources which it places at their disposal?


In the same spirit, he must ask those who deplore their sad fate at being ground down in wages because the capitalists, their employers, are undersold by importing merchants; how those merchants got possession of the commodities which they sell so cheap? whether they were not obtained by yielding up other commodities in exchange? whether, therefore, the commodities imported by the merchants and sold by

them to the consumers are not in reality as much the produce of capital, setting labour in motion, as if they had been produced on the spot? whether the railway iron on one of our own lines of rail is more the produce of our own labour than the wool obtained from Australia in exchange for similar iron sent out to that country to make lines there? whether commodities are ever imported from other countries except when it is thought that capital and labour are more profitably employed in procuring them that way than in any other? If not, which is best calculated to promote the progressive accumulation of capital—of the means of providing additional wages? the more or the less profitable employment of capital? He will certainly wind up by assuring them, however much he may draw down their ill-will, that he can join in no crusade against the use of machinery or the importation of cheap commodities. He will, also, feel strengthened in his determination, and confirmed in the duty which he owes to others of striving to dispel the illusions which have caused them to denounce and reject new powers, the blessings from which, to be enjoyed in their fulness, demand intelligence to understand and aptitude to use them.

The labourer who can conduct himself in the way we have described, who can detect sophistries and see through illusions, and who can resist, or rather remain insensible to, the seductions by which the uninformed are sure to be assailed, does not grow out of a neglected or misused infant. He does not, like the fabled Minerva of old, come forth fully equipped with the

knowledge what to do and the habits inclining him to do what he ought. As, according to the well-known saying, nobody becomes thoroughly vile on a sudden, so neither does anybody become most excellent on a sudden. We need not go over again, here, the kind of teaching and training demanded, from childhood upwards, to fit a labourer to participate in all the advantages and enjoyments of modern civilization. The education of the home and the school must be followed up by that of the industrial regiment into which he is enlisted. Not only must the education of this regiment be well adapted to its purpose, but the recruits received into it must be prepared, by good previous drilling, to profit by the discipline indispensable to efficient service. The administrator of capital, who is equal to his work, will, it is to be expected, so conduct his business, that the labourers under him may work effectively and acquire that readiness and skill which are only to be acquired in perfection by practice under able guidance. That they *will* so work and acquire readiness and skill must greatly depend upon the habits and disposition which they bring to his service; and the forming of these ought to have been cared for previously.

The duty of the religious educator to the young is increased in difficulty by the low state of civilization in which a very large part of the people is immersed, even in the most favoured countries. The religious educator is, or at all events ought to be, a man of the loftiest devotional feelings, and possessed of the



advanced attainments of his age. Nothing short of these qualifications fits him for the efficient discharge of his duty, or will do credit to the university from which he received his diploma.

He knows that the well-being of society depends greatly upon the success with which knowledge is imparted to each individual child, and with which its habits and disposition are formed to act up to its knowledge. The portion of work assigned to the educator in caring that none of the young shall pass from under his charge ungifted with the capacity of judging and desiring what is good for him, and of knowing where and how to seek it, may be laborious and difficult, but it must be embellished by the most pleasing emotions. Up to a certain point, it may be conceived that in the midst of his daily anxieties and unceasing efforts to adapt himself to the lower capacity and tractability of some of his pupils, mortification or annoyance need scarcely disturb the even current of his holy and happy thoughts. To the best of his ability, he tries to impress upon his pupils a sense of the unalterable constitution of the universe, to assist them to learn what that constitution is, and to prepare them to adapt themselves to that which will not adapt itself to them. So far his course is smooth and pleasant. He can have no compunction in pointing to the penalties likely to be incurred by those who will not heed his instruction; or in inculcating that men, who will religiously shape their conduct agreeably to his lessons, will secure for themselves the greatest probability of

immunity from physical evil, and of enjoyment from physical 'good, and the most unfailing consolations in affliction and distress.

It is not given, however, to the religious educator to leave his young pupils here. He is bound to confess to them that the fruits of their own good conduct are liable to be snatched from them through the ill-conduct of others; that their conduct has to be shaped not only in harmony with the unalterable constitution of the universe, but so as to guard against evils likely to be inflicted upon them by those who will not shape their conduct in the same way. When asked, as he will be, by his own intelligent and inquisitive pupils, how there came to be such evil-disposed people, and whether they might not have been so taught and trained in childhood as to have prevented their getting into that state, what must be his answer?

He cannot say that this source of evil—this danger lying in wait for his pupils in after life, might not have been cleared from their path. He can but acknowledge that religious teachers of former days had not quite done the work expected of them as they ought to have done. Neither can he console himself with the reflection that the educational work going on at the present day is nearly so well adapted, or so general as it ought to be to prevent a continuance of like evil in the future. It is a melancholy and painful duty to be called upon to place at all before the young the difficulties and struggles which have been prepared for them by adult carelessness and incompetency, and to have to nerve them up to the self-denial,

endurance, and exertion indispensable for raising them out of their unfavourable position. It is additionally painful to have to prepare them for encountering from those who share their lot, opposition, and obstruction, instead of co-operation and sympathy. His consolation, while inflicting pain thus prematurely on the young, is the knowledge on his part that the concealment from them of the flaw in the inheritance bequeathed to them by their parents would only result in severe pain at a future time, and deprive them of opportunities of mitigating the consequences of bygone errors and shortcomings in behalf of another generation.

Having thus endeavoured to learn, with the infant, as it were, on our knees, what ought to be done in order to fit him to act his part in life, and to enable him to participate in all that the actual state of civilization affords; we may conclude by inquiring whether what we have considered ought to be done has really been done, or is being done efficiently and extensively; and if not, we shall feel ourselves summoned to make greater exertions than have hitherto been made to compensate in the future for the omissions of the past. We will ask, Do our young labourers in general begin their career with a deep sense of the importance of industry, skill, intelligence, economy, sobriety, integrity, and punctuality, to enable each among them to obtain a fair wage out of existing capital, to sustain that capital if it be adequate to afford sufficient wages to all, and to assist in its increase if it be inadequate? Are they in possession of these qualities so far as is

possible at their age, with an earnest desire to enlarge and consolidate them with their ripening years, and with a firm persuasion of how much must be left to their own application and self-training? Are they acquainted with the consequences of division of labour, interchange, and the use of money, and are they aware of the importance of doing nothing to impede the free oscillation of prices? Have they impressed upon their minds the dangers which await them from the mal-administration of capital, especially as resulting from the use of credit, and have they the escapes in store by which they may avoid or diminish the danger? Are they ever imposed upon by those who would seduce them into combinations and strikes, or engage them in conspiracies against the use of machinery? or do they lend their countenance to brawlers who declaim against the oppressions of capitalists and the iniquities of free-trade?

If our inquiries and reflections wring from us answers to these questions that we would fain be spared, must we not pursue our inquiries still further, and ask whether the low state of intelligence and conduct which cannot be denied, be in spite of the judicious teaching and training to all the young, or be in part a consequence of our disgraceful negligence in performing our duty towards them? Supposing our educational establishments, from our universities downwards, to be zealously intent upon conducting education as we to embrace what we have agreed to be indispensable, there may be ground for suspecting some intractability in human nature. Supposing them, on the other hand,

to be diligently but blindly engaged in a routine from which the kind of teaching and training indicated above is completely excluded, as farmers might be in a routine of husbandry which excluded all the lights of chemistry and physiology, it would be premature to inculcate human nature, with the exception, at least, of that section of its representatives which has undertaken and misconducted the most arduous, the most noble, and the most solemn of all duties—the education of the young.

CHAPTER XX.

Man not merely an industrial agent—He does not live to produce, but produces to live—What ought he to do with his wealth?—Morals of expenditure—Circulation of money consequent upon expenditure—Profit derived by tradespeople from the expenditure of customers—Various results of different kinds of expenditure—Difficulties in the way of doing good—Successful capitalists the chief encouragers of good conduct—Qualifications, in addition to those possessed by administrators of capital, needed to prepare the good conduct for capitalists to encourage—Kind of teaching, training, and self-discipline likely to dispose the possessors of wealth, of attainments, and of influence to act as trustees in behalf of society—How far modern education fulfils its purpose—Religious teaching—What we owe to religious teachers—What more we might owe—Who is a religious man?—Can a poverty-stricken people be a religious people?—Teachers of religious teachers—Indiscriminate alms-giving—Glorious mission of the warriors and heroes of the future.

WE set out on this inquiry with a definite purpose. At the very commencement of our course we placed before ourselves this question: "What ought we to do?" or, "What kind of conduct in each individual is most conducive to the general well-being, and therefore, in reality, most conducive to his own?"

Our investigation, up to this point, warrants us in stating, as a matter beyond dispute, that individual conduct adapted to promote—at all events, not to disturb—the general well-being, is also best adapted to promote individual well-being. We do not say that we assume it, or that we take it for granted. We refer

back to the whole course of our investigation, and, so far as we have carried it, we claim to have established, by the most comprehensive induction and most rigid examination, that in proportion as each individual in society strives to secure his own well-being by conducting as much as possible to that of the society of which he is a member, and to that of the whole human family, so does he increase the probability of successfully attaining his own.

In the early days of attempting to trace the chain of causation in human conduct, when a clear perception had not yet been gained of what may be achieved, by teaching and training, towards inducing in individuals a capacity and a disposition to take delight in acts which promote the general well-being, it was frequently objected that but little was accomplished by expounding what kind of conduct was "good," if you could not prevail with people to practise it. The process of expounding certainly does not accomplish everything. Whether it can truly be said to accomplish but little is not quite so certain. To be effective in influencing conduct, it must be followed by judicious training; which, however, could not be entered upon with any prospect of success, unless preceded and enlightened by exposition. Using one of those mystical words which play such pranks with the understanding, it is represented that individual interest and general interest do not always coincide—that their well-known and frequent divergence is, in fact, the cause and origin of our police, and other repressive and defensive institutions. There is some truth in this representation, unskilfully

expressed though it be; and it behoves us, as scrupulous investigators and assiduous learners, to ascertain what that truth is, and how to give it utterance, so as not to bewilder or mislead our understandings in matters where want of precision and misdirection might be followed by most painful consequences.

To work steadily, intelligently, and skilfully, and to learn and practise so as to become able to do so, to save and provide against future want, to respect property, to fulfil engagements, and to be sober, will be generally received as samples of conduct in harmony with the interest of society. Does anybody deny that among men, while most are disposed to approve and practise such conduct, there are some disposed neither to approve nor practise, and many more who, while they approve, seem unable to practise it? Have we any ground for affirming that the bulk of mankind—the well-disposed, and well-conducted, act contrary to their interest? If not, why should we affirm that the ill-disposed and ill-conducted prefer their own interest to that of the community? Are we helped to any useful and safe conclusion by adopting a diction so nearly approaching to jargon? Can we do better than fall back upon the plain and apposite expression of a matter of fact acknowledged by everybody? Some men are indisposed to regulate their conduct in harmony with the requirements of society. Some men cannot find their gratification except by disturbing that of others: they steal, they waste, they bear false witness, they beg, and commit excesses of all kinds, which society, being unable to tolerate, endeavours to suppress.

Fortunately for mankind, it is at last beginning to be understood that what individuals are disposed to do depends greatly upon the teaching and training which they have received, and upon the circumstances in which they have been subsequently placed. Stated in this form, a work to be done is placed before us, difficult it is true, but worthy of our highest efforts, and calculated to inspire us with the loftiest ambition—first, by self-improvement, to qualify ourselves for the duties immediately our own; and, secondly, by tendering co-operation worthy of acceptance, to help those who might otherwise lack the teaching and training without which it is vain to expect conduct in harmony with the welfare of society.

Up to this point, it must be observed, our investigations into conduct have not been carried beyond what arises out of industrial proceedings. So much of man's time and thoughts is necessarily absorbed in earning his livelihood, that to point out what he ought to do, and to mould his disposition accordingly, in regard to everything bearing directly and indirectly upon that branch of his duties to himself and others, is almost to make sure of right conduct in all other respects. Nevertheless, we must not consider man as a merely industrial agent: he does not live to produce; he produces to live—to live rationally and religiously; that is, in the highest sense of the term, happily. Having inquired and learned what we ought to do in order to gain the means of living, let us push forward our inquiry so as to learn what we ought to do with the means at our disposal. This inquiry will not detain us long, so much

of our work being done to our hands—the fruits of our previous studies.

The wealth at the command of each individual for his consumption, in compliance with modern usage, and as considered for the general convenience, comes to him in the form of money. His income, whether made up of wages, profit, rent, or annuities, or of all combined, is received by him in money. With this money he buys services, or articles for consumption; or, if he give any of it away, he enables those to whom he gives it to do the same thing. What good may we consider him to do in parting with his money? None in parting with it. The good done is in the gratification which he and those who participate with him derive from what he receives in exchange for his money.

But does he not set money in circulation? Not particularly. It would just as much be put in circulation by somebody else, supposing it not to have come into his hands. His money simply performs the function for which it was destined. With him, as with others, some is kept in reserve, while other portions are passing to and fro, according as he receives his income or spends it. Besides, where is the special good of putting money in circulation? The advantage which he derives from the services of his cook is in the well-dressed meals served up to him, not in the circulation of the pots and pans in the kitchen; and the advantage derived by him from the services of the railway company is in his safe and speedy transport from one place to another, not in the circulation of the wheels which move with him. In like manner, the advantage which

he derives from the expenditure of his money is in the wealth or services obtained by him in exchange for it, not in the circulation of the money spent.

Some people have dwelt with great emphasis upon the profit which all who spend money place in the way of the tradesmen to whom they apply for articles of consumption. Ought you to overlook this source of profit, to the advantage of which few shopkeepers would refuse to bear witness? We ought to overlook nothing. Every shopkeeper would, of course, bear witness to the profit which he derives through the customers who favour him rather than others. It can, however, scarcely be said that the customer who spends his money with one shopkeeper, and is thereby prevented from spending it with others, is conferring profit upon shopkeepers in general. Money is provided purposely to be used in making purchases, just as much as commodities, the division of labour being adopted, are produced to be exchanged or sold. In taking money to market, and in indicating thereby to capitalists in general the direction which it is likely to take in future, the various spenders and consumers inform producers what commodities they had better apply themselves to bring to market so as to earn, through numerous customers and excellent prices, or, in the language generally adopted, through the greatness of the demand as compared with supply, the largest possible profit. As the money is to be spent, how can it matter to society whether the profit earned by the sellers into whose hands it comes be sellers of victuals, of clothing, of furniture, or of professional services?

Is it quite true, however, that when a man spends money, he does no more than give a preference to one tradesman over others. Might he not save? Suppose instead of spending he were to save his money. To whom, then, would he give a profit? When you are asked to examine cases couched in such language, to solve difficulties originating in the use of terms of the meaning of which those who introduce and apply them have no clear perception, you see the necessity and the potency of the preliminary investigations in which you have been engaged. The money which is here represented as saved is really as much parted with or put in circulation as that which is spent. It is applied to the earning of income by its employment—direct or indirect: direct, if the person who saves it employ it himself; indirect, if he lend it to others. Either way, the first step in its employment is to buy services or commodities. There is but one distinction between spending and saving, as they are both practised by rational people. By the first, wealth is *consumed*; by the second, wealth is *produced*; the unavoidable steps in both being to make purchases, and to place a profit in the way of those selected to make purchases from.

You must not think this a vain or frivolous investigation. The delusion is fast vanishing from society that good is to be done, through expenditure, by putting money in circulation, or by placing profit in the way of one tradesman instead of another; but it held sway over numerous classes not many years ago, and may yet prevail over certain minds. Under the influence of this delusion, the expenditure or consumption of wealth,

especially by those whose expenditure is accompanied by considerable display, was regarded with a sort of superstitious admiration; and the benefits flowing from it assumed a spectral form mimicking reality, but greatly magnified by the hazy medium through which it was imagined to be seen. Neither vain nor frivolous, indeed, will this inquiry prove, if it result in fixing our attention upon—in preventing its being diverted from—the quarter to which we must look for the solution of the question, “What ought we to do with our wealth?” We have established thus much. We must not delude ourselves with the notion, however flattering it may be to our vanity, that we can do good either by circulating money or by getting rid of wealth. If we would have the enduring satisfaction of reflecting that the wealth at our disposal has been well consumed, we must make sure at least of the goodness of our intentions. To look back upon the accomplishment of all that had been projected is reserved for few; but much will be accomplished by those who, like you, try to support their good intentions with the knowledge requisite to give practical effect to them.

After the course of study which we have been engaged in together, it would not satisfy you to be told, in answer to the question, “What ought we to do with our wealth?” We must do all the good we can. We must carry out the precept, “Love one another.” We must be charitable and liberal. We must relieve the want and misery which we see around us, and seek them out also for the purpose of relieving them. You require from your understandings more definite instruc-

tions than those for the guidance of your conduct. You say, caution is called for in alms-giving, lest we encourage and extend want and misery, while thinking to relieve them. You ask, whether any great impression is ever likely to be made upon the number of destitute people, if the charitable do nothing more than relieve them. Shall we have done all that we ought with our wealth, if, after having administered comfort and relief to the wretched, we omit to inquire how they became reduced to the state in which we found them? Inquiry cannot fail to tell us that the objects which excite our compassion have become what we see them through ignorance and bad habits, in some of the many forms under which they prey upon mankind. Can we, then, do otherwise than inquire further, so as to learn whether society is likely to be afflicted with a succession of miserable victims in undiminished numbers, whether any efforts can avail to prevent such a calamity, or to diminish its extent, and whether those efforts are being made?

Our answers to those questions may be so shaped as to carry with them the assent of all who ever reflect upon such subjects. There is no prospect—there can be no hope that anything now at work, or anything in preparation, is likely to remove destitution from the land. Nevertheless, opinion is almost unanimous that effort will avail to ward off destitution: witness the anxiety felt and pains taken by thoughtful parents for the proper teaching and training of their own children; witness, also, the efforts in a wider sphere to provide some teaching and training for the children of others

less happily circumstanced. There is, too, an approach to unanimity in the verdict of society that the education called for is not provided in sufficient quantity, backed by a growing opinion that there is much room for improvement in its quality. Great differences of opinion prevail as to how these educational deficiencies can be supplied. Do you think, looking at the state of society in which we find ourselves, that there is any opening in this direction for the application of wealth by those who have wherewithal to spare after the fulfilment of other more pressing duties? It is impossible to think of any better field for benevolent exertion; as it is impossible to think of any kind of neglect by one generation towards those to come after it more unpardonable than that of education. They who devote themselves to improve the quality of education, and to extend it thus improved to children who might otherwise be deprived of it, carry this encouragement along with them. They must be doing good. In endeavouring to promote better conduct among adults, unless armed by the law with powers of compulsion, lurking doubts will intrude upon them, let their attempts be ever so judicious, that administrators of capital might do the work better. In relieving the physical wants of a degraded population, they will indeed be successful if, with all their circumspection, they escape from encouraging vice in some, while they relieve want in others.

The mass of destitution prevailing in all parts of the world must deter the most hopeful from expecting to make any perceptible impression upon it for years to come, let their means be ever so large or ever so well

applied. An intelligent man will take part in this holy work in a sober and yet an apostolic spirit. Supported by faith in the excellence of his husbandry and the soundness of his seed, he will not falter in his daily toil, nor repine at the lateness of a crop which cannot be a bad one.

There is a difficulty which, if it do not suggest itself, will be suggested to you by others. How is money or wealth sufficient to execute all this work to be obtained? Would you ask people to forego all amusement—all the refinements and higher enjoyments of life? to bring themselves to a state of mind in which luxurious living should be considered a sin, so long as one child's education was uncared for, or one destitute adult unrelieved?

A difficulty of formidable dimensions is here presented to us. Its dimensions may be somewhat exaggerated, but reduce them as you will, the difficulty is not to be denied. Would you run away from it or face it? Face it, to be sure, let the work be ever so difficult, if it is to be done, and not to be evaded without disgrace. That certainly is the spirit to be cherished by all who would accomplish as well as intend good works. To ask of people, as we see them, to forego all luxury and enjoyment for the sake of doing good may be sublime, but it is the sublime of folly. To aim by improved teaching and training to lead the young to look upon doing good as the height of luxury and enjoyment, if it be sublime, is the sublime of wisdom. With our present educational experience, it would be premature to express an opinion as to the extent of the change that may come

over men's minds in regard to the employment of their wealth as a means of procuring the higher enjoyments and refinements of life. Greater changes are noted in the world's history even than the one which you and I may think not very far distant: That the contemplation of a high state of well-being among our fellow-creatures, especially if coupled with a consciousness of having done one's utmost to promote it, is destined to be looked upon as the most refined, as well as the most secure, of all enjoyments in the holding, and therefore the wisest object of every man's ambition. As a means of self-discipline and improvement, what holier and better purpose can young people place before themselves than the attainment of habits and talents, with a view to devote them to the service of our common humanity!

As an illustration of what we agree ought to be aimed at in education, for the purpose of forming individual character and improving and raising public opinion, allow me to narrate some passages in a lesson which I gave a few years ago to a class of fifty boys. It was towards the end of a course not very dissimilar to the one which it has been my happiness to be engaged in with you. We had gone over together the qualities that all men ought to possess to secure their own well-being, the means at the disposal of their parents and teachers to assist them to these qualities, and the means at their own disposal to confirm and consolidate what had been done for them by others, in keeping vigilant watch over their own thoughts, aspirations, and conduct. I then proceeded:—

“ Will the whole of you *fifty* boys grow up, do you

think, into prosperous happy men, in the highest sense of the term? No, we shall be exposed to the usual misfortunes of accidents, disease, and other apparently unavoidable calamities. How many out of your ranks shall we mark off for the probable sufferers from calamities of this kind? We agreed to mark off *two* of the number. Will the remaining *forty-eight* be nearly equal in the development of capacity and ability, and in the attainment of wealth and influence? No. The differences that exist among us already, in some of these respects, are plain enough. There are some who, no doubt, will far surpass others. How many shall we mark off for the future comparatively distinguished among you? We agreed to mark off *eight* for these. What shall we say of the remaining *forty*? They will have average proficiency and success, and will be able, acting up to the instruction and doing credit to the training which they have received, to maintain themselves in comfort. You muster *fifty*. Who will point out which among you are to be the *two* unfortunate? No one offers to do this. Perhaps you can more readily decide who are to be the pre-eminently successful? Again you are silent? There are great differences in our attainments and conduct. Some are cleverer, some steadier, some more forbearing, some more active, some more cautious, some more obliging, some with parents and friends better able to start them in the world, and some likely to be damaged by this very circumstance. Amid all these varieties, it would puzzle anybody to select the whole *eight*, at all events, who are destined to be pre-eminently suc-

cessful. You are in this position apparently: you know what kind of conduct is necessary to attain well-being; you know also that the painful casualties of existence cannot be entirely avoided, and that some will be greatly favoured in comparison with others. But which are to be the afflicted and which the favoured, you cannot even venture to guess.

“In this state of things, what ought to be the object of your teachers, and of your own efforts? Simply to fit and incline each one of you to look after and take care of himself, trusting to his good fortune that he will not be one of the *two* afflicted, but rather one of the favoured? or that all should be so disposed as to provide as well as possible for the whole *fifty*? How can the afflicted be made comfortable? Their affliction may be lightened by contributions from the wealth of others, which, if offered and accepted in a becoming spirit, will almost turn sorrow into joy. But who will have wealth to spare? The favoured. How are we to make sure that the favoured will be disposed to contribute out of their abundance? They will be bad men if indisposed to perform so obvious a duty. To prevent their becoming bad men, we must get at them while yet children? and you cannot point them out? That is of no consequence as long as you know that they must be among the *fifty*. How do you think, then, we ought to treat the whole *fifty*, so as to secure that the *eight* most capable among them shall be disposed to care for the *two* afflicted? The instruction of all should be so conducted as that they should perfectly comprehend and appreciate the vicissitudes

that await them in life, and their training so directed as to impress them with the disposition to meet these vicissitudes in a sensible manner:—to struggle for a determined spirit, to master the requirements for self-maintenance; for a resigned spirit, to submit cheerfully to unavoidable calamity; for a devoted spirit, to feel that superior attainments and wealth impose upon those who possess them new duties; that, in order to extract from these advantages all the blessings with which they are fraught to their possessors, they must be considered as held in trust for the benefit of others.

“ I can find nothing to object to in what you propose. I can offer no improvement upon it. Cultivate these dispositions, and you will have the fairest prospect of growing up into men courageous in bearing unavoidable misfortunes, energetic in providing for self-maintenance, and prepared to enjoy riches without contamination, by devoting them beforehand to the cause of humanity. You are destined to be members of society. What is true of each of you as *one of fifty*, is true of each of you as *one of thousands*. You are also to be members of the whole human family; and what is true of each of you as *one of fifty*, is no less true of each of you as *one of millions*.”

Mankind, in struggling out of barbarism into their present state of semi-civilization, have gained some perception of these truths, and have endeavoured, hitherto imperfectly enough, to apply them in practice: witness our hospitals and charitable institutions, our poor-laws and other social arrangements; witness also what goes by the name of education. When you, in

your turn, rise into manhood, it is to be hoped that the satisfaction will be reserved to you of participating in the improvements for which there is so much need; to enjoy afterwards, in your old age, the contemplation of the blessings which you had assisted in preparing for your children and children's children.

Have we, do you think, thoroughly considered all the means that, so far as we know, are available for inducing the kind of conduct which leads to the well-being of society—for preventing the kind of conduct which is subversive of that well-being? We have gone with some care into the examination of conduct; and have satisfied ourselves, with regard to a great many, if not all kinds of conduct, which deserve to be classed among the good. We have also examined into the kinds of qualities which lead to good conduct, and into the resources at our disposal for cultivating those qualities. Among these resources, highest in point of rank, stands the religious element, directed to its purpose by the religious teacher. This is the one part of our subject to which we have done least justice. Let us, therefore, question ourselves yet a little further upon the operations of the religious teacher, how far they have been well-directed, where they have been misapplied, and where the special demand for an altered and enlarged use of his power is observable.

Religion, properly interpreted, and as understood by you, is one of the chief mainstays of good conduct. But has it always appeared in that light as represented by its teacher? Does it always wear that appearance, as taught in these our days? Who, according to his

teaching, and in the estimation of those who have learned from him, is a religious man? Can a dishonest man be religious? a drunken man? a man indifferent about preventing himself from becoming a burthen upon society? a man careless of obtaining instruction? a wasteful man? a man heedless in contracting engagements, and reckless in fulfilling them? a man negligent of his duties towards his children? or, having performed them, thoughtless of applying his surplus means to the protection of fatherless, deserted, or ill-used children? Or does he inculcate that all men who deserve to be described by any of these terms are, in proportion as they deserve to be so described, irreligious? that, in fact, their character as religious men rises and falls with the increasing and diminishing abundance of good works, the only reliable evidence to society of the good qualities in which they originate?

Religion addresses itself to sinners, as well as to good men. It holds out encouragement and comfort to all. How does the teacher represent and teach the efficacy of repentance? Does he countenance the dangerous and dreadful delusion that repentance is a state of feeling easy of attainment? While urging sinners to repentance, which does he represent as the easier? perseverance in religious conduct, or the abandonment of vicious courses for better conduct in future? What are the signs of thorough repentance, both to the sinner and to the society of which he has been an unworthy member? Can multiplicity of professions for the future and of regrets for the past be accepted as such? or must

good deeds and successful resistance to temptation be waited for?

If we extend our survey of the consequences of religious teaching, from individuals to communities or nations; inquiring from effects back to their causes, for the purpose of estimating what had been omitted to be done in times past to allow of a state of things regretted by everybody, so as to ascertain how a like state of things may be prevented in future: we may ask teachers,—Can a poverty-stricken people be a religious people? Is not a want of good qualities in a people the cause of their destitution? Can they be religious and devoid of good qualities? How were your predecessors conducting religious teaching in their days? Must there not have been some great misapplication of power, only not sinful, because of their ignorance? Can you, in your generation, plead ignorance with the proofs of former inefficiency before your eyes? Is it not unseemly, uncandid, and sinful for people to plead ignorance as a ground for forgiveness, if they have never sought to be relieved of their ignorance, the proofs of it being so manifest? Do you not fear, lest out of your own mouths you should stand convicted? You preach, and you preach truly, that religion is all-powerful to avert evil from man. Whatever failings men have been guilty of, there is one with which they certainly are not chargeable. They have ever been most liberal in contributing to the maintenance of their religious teachers, and most devoted in their attachment to them. The adequate return for this liberality and

deference is yet to be made; for the low state of well-being indicates a large mass of irreligion to be got rid of—itself a result of irreligious teaching, ignorantly, or perversely, or indolently abetted by so-called religious teachers. Does it not behove all among you who are earnest in performing your duties, and in preparing yourselves for its better performance, to lose no time in severing yourselves from those who are bringing disgrace upon their sacred calling, and would, if it were possible, shake all faith in the ministers specially devoted to the service of religion?

I would further invite you to raise your thoughts, in all reverence and humility, to the highest grade of religious teachers—the teachers of future teachers. What will they be careful above all things to impress upon the young men preparing under their guidance for the holy office? Will they not say, “Be quick to suspect your own incapacity as teachers, and slow to revile and calumniate human nature, because sin and vice will not yield to such ministrations as yours. Religion being a cause, and good conduct its effect, like many other causes of well-being to man, it demands his agency to control and direct it. Shall it be said, while your fellow-men are day by day familiarizing themselves with the method of action of physical causes and reducing them into the shape of means to the accomplishment of ends conducive to human well-being, that you stand aloof an ignoble exception among your kind, students of the most unfailing and irresistible of causes, elected to the most holy of offices—unequal to anything but to decry the

material which you have to work upon and to describe well-being unattainable, which, nevertheless, advances and will advance, although the glory of promoting it is not to be yours?"

In accordance with your observations and reflections, a poverty-stricken or otherwise ill-conditioned people means a people deficient in good qualities—an irreligious people. The work of raising such a people out of their abject state would be one of time and labour, however skilful the operations for the purpose—a work calling for the best religious teaching. Suppose you were to observe a host of so-called religious teachers interspersed among such a people: would not your hopes of the extrication of the people from their misery be greatly modified according as you saw their teachers absorbed in questions of pig and beef grease or wax candles, or according as their efforts were made to converge upon cultivating the good qualities in which the people were notoriously deficient?

You have satisfied yourselves of the difficulty—of the almost hopelessness of altering manners and habits strongly fixed in adults, and of the comparative ease with which they may be fashioned in childhood and fortified in youth. Happy the young people who, like you, find at the early dawn of their intelligence, their habits and disposition inclining them to act religiously, that is in a way not to disturb the well-being or to retard the progress of society, and who, it may be expected, will, with their meridian and waning intelligence, find no part of their inclinations more all-pervading than that of ever wishing to act up to what

they perceive to be right, whether they be called upon to shape a portion of their practice anew, or to stand by the old as preferable to the changes submitted to them. With these thoughts for others, and these causes for self-felicitation, what would be your expectations from the religious teachers of a poverty-stricken people, if you found them chiefly absorbed in efforts to reclaim adults by prayer and exhortation, and caring but little for the better teaching and training of the young? What would be your expectations from the medical advisers of a people dwelling in a pestilential atmosphere, if you found them exclusively employed in compounding pills and potions as antidotes and febrifuges, and not bestowing a thought upon better draining and improved modes of living? In the efficacy of whose prayers would your faith be the greater? of those who worked diligently so as to deserve that their prayers should be granted? or of those who idly suffered the time to pass when causes might be controlled, and only put up their prayers when the irremediable effects of their negligence were upon them? If we could not refrain from characterizing such negligence as irreligious, when brought to our notice in minor matters, how can we avoid doing so when we observe it in religious teachers whose calling it is to attend to the highest and holiest of duties—the supervision of the good conduct, through the good qualities of a people?

If this kind of education be desirable for those of the young who are to acquire wealth and influence, how much more must it be desirable for those who, in conformity with the laws and usages of society,

are born to wealth and influence. Are not the young thus circumstanced liable to be irretrievably damaged, morally and intellectually, by having wealth, station, and influence thrust upon them unearned, unless their education be specially directed to raise up in their minds a religious sense of the duties and responsibilities imposed upon them simultaneously with their possessions? Are the teachers and trainers of the young whose destiny it is to be inheritors of large possessions, deeply impressed with the additional weight of responsibility imposed upon them? Do they seem to be aware of the enervating influence upon the dispositions of their pupils, inseparable from the prospect of attaining to wealth and honours unearned, and of the call for special attention on their part to counteract influences thus ready to corrupt natures otherwise favourably disposed? These questions once raised, will never be banished from your minds. You will carry them with you; they will guide your judgments in estimating the debt of gratitude that you owe to your own parents and teachers; and they will determine your choice where to fix the stamp of your approbation. You are not called upon here to answer these questions. It is no light matter to come to a decision upon existing educational arrangements and practice, their merits and their defects, pregnant as they are with the weal and woe of future generations.

If we have succeeded in showing what people ought to do with their wealth, and how they may be predisposed to do it, have we not also shown how they ought to apply their attainments, talents, and influence? The

judicious instructor, whether under the domestic roof, in the school, or from the pulpit, in unfolding and enforcing these truths, in exhorting and appealing, would not omit to make the applications and distinctions which were demanded by the age and position of those on whom he was bestowing his instruction. To the older he would point out their duty, and exhort them to its performance. On the young he would specially enforce the duty peculiar to their age—that of self-improvement and of self-support, as a preparation for the privilege of doing good to others. Young people ought to be deeply impressed with the conviction that while the doing good to others is the noblest, it is also the most difficult of undertakings. The evidence of his ability to take care of himself is an indispensable test of his ability to take care of others. We have agreed that the successful administrator of capital is also successful in encouraging the industrial virtues. To do good beyond this needs somebody superior to a successful administrator—it needs that, and much besides.

- How, then, can a man unable to take care of himself, unequal therefore to a successful administrator, presume to do that for which a successful capitalist may lack capacity.

The young man, besides, who aims at doing good, through self-improvement and the consolidation of his own character and position, guards against running into a species of conceit, by giving out, as it were, that in his own opinion, at least, he is qualified to undertake the improvement of others, while yet unable to point to anything in himself calculated to inspire respect in others.

The cultivation in the young of habits of mutual forbearance, of sympathizing in one another's pains and pleasures, of making the enjoyments of others a part of their own, is too generally attempted to call for much notice. Success in the attempt to carry out this work is not an affair of teaching only, but of teaching and training; not of words only, but of words and acts—of precept teaching by the example of those whom the young are disposed to love and look up to. The parents whose children share in their enjoyments, who set aside some of the luxuries in their possession to be enjoyed by them, are preparing their children to do as much for them and for one another. Whatever is going on in a well-regulated household cannot be too carefully explained to children, who ought not, through want of such explanation, to harbour a suspicion of the sincerity and consistency of those who are teaching them morality, and should also be setting an example, by the practice of what they teach.

With our present imperfect arrangements for the relief of the destitute and incapable, and for the detection and prevention of imposture, sensible people are often obliged to refuse applicants for relief in the presence of their children. Questions like the following will suggest themselves to children; and if they do, it is better both for parents and children that they should have utterance: "Why do not our parents share of their abundance with those who want? They enjoin it upon us. What can their reasons be for turning a deaf ear to the prayers and entreaties addressed to them for relief?"

Parents weak, indolent and cowardly enough to be frightened at the difficulty here presented are to be met with. You may hear such parents justify occasional indiscriminate almsgiving on account of the favourable impression made by the acts of charity upon the feelings of their children. They do what their understandings tell them to be wrong for fear of repressing the benevolent feelings of their children. Will not these children, at a later period, if not deficient in reasoning power or in moral instruction, discover the imposture practised upon them? What must be their sentiments towards those whom they will have detected in doing wrong for the sake of appearing to do right? Is it not really safer and easier, as well as more righteous, to explain to children why appeals to charity ought not to be indiscriminately complied with? Must not children learn that imposture is to be guarded against? that bad habits ought not to be fostered? and that functionaries specially appointed for the purpose are the persons to whom, where accessible, applicants for relief may be sent most advantageously so that their claims shall be thoroughly investigated, and relief, if really needed, judiciously administered?

The good parent, strong in his convictions, matured in his knowledge, righteous in his intentions, and determined in his conduct, while he declines on principle to do what the police and guardians of the poor are better qualified to do, will not fail to inculcate upon his children, with the hideous picture of destitution real or pretended still fresh in their memory, what pains they ought to take to profit by the instruction placed within

their reach, to form good habits and to repress foolish and dangerous desires, so as to avoid becoming as those poor victims of parental neglect? May he not, then, effectually exhort them to make themselves worthy of being recruited into that glorious band whose high purpose it is to prevent the increase, to accomplish the decrease of misery in the future, by improving the tone of prevailing education and making it, thus improved, co-extensive with the need for it? Who so likely as you, from your exalted position, to be looked to as the captains of this band of heroes of the future, of heroes enrolled to war, not against their fellow-creatures, but against the ignorance and vicious habits lying in wait for them? Who so fit as you, if you do but carry out and improve upon, both in study and practice, those lessons out of the great book of life which we have been reading so happily together, to be elected to the command, to do honour to the confidence reposed in you, and to reap enduring satisfaction from the high deeds of the warriors under your leadership?

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